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ASX/MEDIA RELEASE

FY23 HALF-YEAR FINANCIAL RESULTS

KEY HIGHLIGHTS FOR THE HALF-YEAR:

- Group revenue of \$310.0 million (H1 FY22: \$195.9 million)
- Cashflow from operating activities of \$24.3 million (H1 FY22: \$38.4 million)
- Adjusted EBITDA¹ of \$24.2 million (H1 FY22: \$50.5 million)
- Increased depreciation and amortisation (D&A) expense of \$61.2 million (H1 FY22: \$33.4 million) - largely due to the acquisition of Round Oak Minerals (ROM) on 1 July 2022
- Statutory net loss after income tax of \$49.8 million (H1 FY22: \$14.1 million net profit) – primarily driven by higher D&A and \$10.3 million of transaction costs
- Strong balance sheet with net assets \$353.9 million (H1 FY22: \$287.9 million)
- Cash at balance date of \$67.2 million (H1 FY22: \$68.9 million) and \$20 million working capital facility undrawn
- Copper equivalent production of 27.3kt:
 - Production at Tritton and Cracow increased quarter on quarter
 - Mt Colin impacted by timing of processing runs and stope extraction issues - 80kt of ore inventory at 31 December 2022 for processing in second half
 - Jaguar zinc production on plan
- \$71.3 million spent on capital projects including exploration (\$33.0 million new mining projects and exploration)

OUTLOOK:

- Full year production and cost guidance maintained with the Company positioned for a strong second half
- EBITDA guidance revised to \$80 million - \$110 million (down from \$140 million - \$170 million) based on softer first half result

¹ EBITDA of \$16.1 million adjusted for \$10.3 million transaction costs, \$1.5 million of gain on foreign exchange fluctuation and \$0.6 million of movement in fair value of financial assets recognised in Profit/Loss account.

Mid-tier base and precious metals producer, Aeris Resources Limited (ASX:ALS) (Aeris or the Company) has today released its half-year results for the six months ended 31 December 2022.

Commenting on the half-year financial result, Aeris' Executive Chairman Andre, said: "The integration of Round Oak has been successfully completed with upside opportunities identified across the new assets. As a business, we now have a more diverse portfolio in attractive commodities, exciting exploration opportunities that are evolving and a strong balance sheet. Like all of our peers, we are seeing cost pressures from higher inflation however, as a counter, there is lots of good work being done across our business to reduce costs and improve productivity."

"We remain of the view that the long-term supply/demand fundamentals for our commodity mix, particularly copper and zinc, are very attractive."

"The EBITDA of \$24.2 million was primarily influenced by a slower than planned ramp-up of production at the high-grade Budgerygar deposit (Tritton), and timing of processing ore from the Mt Colin mine. At the end of December there was approximately 80kt of Mt Colin ore stockpiled and still to be processed. We only recognise the revenue once the ore has been processed into copper concentrate."

"We have a strong balance sheet and at 31 December had \$67.2 million in cash, no debt and an undrawn \$20 million working capital facility. During the first half we invested heavily into the business with \$71.3 million spent on capital projects with approximately 50% spent on growth projects, including exploration."

"The net loss of just under \$49.8 million was a reflection of the lower EBITDA and higher depreciation and amortisation charges. The higher depreciation and amortisation charges are primarily as a result of the Round Oak assets, particularly the Mt Colin mine, which whilst being highly cash generative, has a relatively short mine life (currently projected out to the June quarter of 2024)."

"Our teams have been working hard to update our production plans to deliver a significantly improved performance in the second half. At Tritton production volumes from the higher-grade Avoca Tank and Budgerygar deposits will increase over the coming six months and at Mt Colin we have mobilised an additional loader to increase production in the second half."

"Exploration is the lifeblood of a mining company and over the last six months we have seen exciting drilling results at Tritton (Avoca Tank, Murrawombie and Kurrajong), Jaguar (Turbo) and Cracow (Golden Plateau). We have also released updated Mineral Resources for Constellation (Tritton) and Turbo (Jaguar) and a maiden Mineral Resource for Golden Plateau (Cracow)."

"We continue to progress the Stockman feasibility study and expect to have it completed by the end of the financial year."

"We remain on track to deliver FY23 production and cost guidance."

"I look forward to continuing to update our shareholders on our progress over the next 6 months."

Financial Results

The Company recorded a loss after tax for the half-year of \$49.8 million (H1 FY22 - \$14.1 million profit). Adjusted EBITDA was \$24.2 million (H1 FY22 - \$50.5 million). The main influences on the financial results were:

- Group revenue of \$309.9 million (H1 FY22: \$195.9 million) increased due to inclusion of \$166.5 million in revenue from the Jaguar and Mt Colin operations, partially offset by lower production from the Tritton and Cracow operations as well as lower commodity prices received.
- Cost of goods sold increased to \$331.7 million, compared to \$172.4 million for the prior corresponding period. Operating costs across all operations were in line with plans. Amortisation and depreciation expense increased to \$61.1 million (December 2021 \$33.4 million) largely due to the acquisition of the ROM assets.
- Cashflow from operating activities of \$24.7 million (H1 FY22: 38.3 million).
- Transaction costs of \$10.3 million resulting from the ROM acquisition.

Operating Review

FY23 Production guidance remains on track, with management focused on increasing production in the second half:

- The Tritton Copper Operations (Tritton) produced 7,851 tonnes of Cu (H1 FY22 – 9,414 tonnes Cu). Production was impacted by paste fill blockages and supply restrictions of cement at the Tritton mine and a delay in completing a ventilation raise at the Budgerygar mine due to geotechnical problems. Both issues at the Tritton mine have subsequently been resolved and piling is underway to address the geotechnical challenges at the Budgerygar ventilation raise. Stopping production at Budgerygar will ramp up over the coming six months.
- Jaguar produced 15,379 tonnes of Zn and 2,120 tonnes of Cu. Remedial drilling and blasting impacted stope sequencing, which results in lower mined grades. Development rates have been impacted by ventilation and dewatering at the bottom of the Bentley mine. To improve development rates, a contractor has been mobilised to deliver in-cycle shotcrete, to reduce the demand for remedial ground support.
- Mt Colin produced 3,560 tonnes of Cu which was lower than planned due to ore production delays and timing of toll processing runs - a further 80kt of ore was stockpiled ready for processing in second half.
- Cracow Gold Operations produced 21,374 ounces Au (H1 FY22 - 30,560 ounces Au). Mined grades were lower due to mining of scheduled lower grade stopes. Improved equipment availability and manning levels significantly improved ore mined in Q2 FY23.

Development Projects

Development activities were focused on the access decline to Avoca Tank, a high-grade copper-gold deposit located 27km northwest of the Tritton processing plant. The ore body was intersected towards the end of December, with first stopes expected to come online in Q4 FY2023.

The Feasibility Study of the Stockman Project (Victoria) continues with completion targeted by the end of the June quarter.

Exploration

Our exploration activities continue to deliver exciting results, including updated Mineral Resource estimates at Constellation (Tritton) and Turbo (Jaguar) and a Maiden Mineral Resource at Golden Plateau (Cracow). We also saw exciting drilling results from Kurrajong, Avoca Tank and Murrawombie (all Tritton).

Outlook

- Full year production and cost guidance maintained with the Company positioned for a strong second half of the financial year.
- A maiden Mineral Resource for Kurrajong (Tritton) is expected to be released in Q3 FY2023.
- Avoca Tank (Tritton) expected to come online in Q4 FY2023.
- Updated Barbara (North Queensland) Mineral Resource expected in Q4 FY2023.
- On 18 August 2022, FY23 EBITDA guidance was estimated to be \$140 million - \$170 million. Although full year copper equivalent production guidance is on track to be met, the EBITDA guidance has been revised to \$80 million - \$110 million. The reduction in EBITDA has mainly been driven by lower production from Tritton and Cracow.

This announcement is authorised for lodgement by:

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About Aeris

Aeris Resources is a mid-tier base and precious metals producer. Its copper-dominant portfolio comprises four operating assets, a long-life development project and a highly prospective exploration portfolio, spanning Queensland, Western Australia, New South Wales and Victoria, with headquarters in Brisbane.

Aeris has a strong pipeline of organic growth projects, an aggressive exploration program and continues to investigate strategic merger and acquisition opportunities. The Company's experienced board and management team bring significant corporate and technical expertise to a lean operating model. Aeris is committed to building strong partnerships with its key community, investment and workforce stakeholders.