

12 December 2018

Company Announcements Office
Australian Securities Exchange

ISSUE OF SHARES

Aeris Environmental Ltd (ASX:AEI) advises that today it has allotted 23,529,417 new fully paid ordinary shares to institutional and sophisticated investors under the Placement announced on 3 December 2018. The issue was completed at a price of \$0.17 per share and raised \$4,000,000. Capital raised from the Placement will enable the Company to fund its rapidly-growing American and global businesses, including meeting the costs associated with Aeris' entry into a strategic rollout internationally through the Daikin global network, as announced on 29 November 2018. In accordance with the ASX Listing Rules, these 23,529,417 shares have been issued under the Company's 15% placement capacity.

Aeris also advises that, following shareholder approval at its 29 November 2018 Annual General Meeting (AGM), the Company has issued 647,060 shares to Non-Executive Director Alex Sava in lieu of Director's Fees for his services as a Director for the period from 3 October 2016 (i.e. the date of his appointment as a Director) to 30 June 2019, being 33 months, at a rate of \$40,000 per annum, using the 20-day VWAP at the date of the Notice of AGM, being \$0.17 per Share. The shares for the period from 1 January 2019 to 30 June 2019 will be held in voluntary escrow until they are earned by Dr Sava.

Attached is an Appendix 3B for the issue of these shares.

Cleansing Notice Under Section 708A(5)(e)

Aeris advises that on 12 December 2018 the Company issued 24,176,477 fully paid ordinary shares, as set out above. The Company advises that:

- (1) this notice is being given within five business days after the day of the issue under section 708A(5)(e) of the Corporations Act 2001 (Cth);
- (2) the Company issued the securities without disclosure to investors under Part 6D.2 of the Corporations Act 2001;
- (3) as at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act 2001 as they apply to the Company; and
 - (b) section 674 of the Corporations Act 2001; and
- (4) except as may be set out in this notice, there is no other information that is excluded information as at the date of this notice that is required to be set out in this notice under section 708A(6)(e) of the Corporations Act 2001.

Aeris Environmental Ltd

Robert J Waring
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Aeris Environmental Ltd (ASX:AEI)

ABN

19 093 977 336

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 24,176,477 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>Issue of 23,529,417 fully paid ordinary shares under the Placement at \$0.17 per share.</p> <p>Issue of 647,060 fully paid ordinary shares to Director Alex Sava at \$0.17 per share.</p> |

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Yes
5	Issue price or consideration	17 cents per share
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The purpose of the issue is set out in the attached letter, and in the announcements of 3 December 2018 and 26 October 2018.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	No
6b	The date the security holder resolution under rule 7.1A was passed	Not applicable
6c	Number of +securities issued without security holder approval under rule 7.1	23,529,417 shares
6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	647,060 shares at Aeris' Annual General Meeting (AGM) held on 29 November 2018
6f	Number of +securities issued under an exception in rule 7.2	Not applicable

+ See chapter 19 for defined terms.

6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	159,450 shares	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	12 December 2018	
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	Number	+Class
		182,121,864	Fully paid ordinary shares (including 117,647 shares that are subject to voluntary escrow – to be progressively released until 30 June 2019)

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)

Number	⁺ Class
500,000	Options – issued to two vendors of a business acquired by Aeris in August 2014, with an exercise price of 20 cents, with final third vested on 31 July 2018, and will expire on 31 July 2019.
100,000	Options – issued to a Director under Aeris' Employee Incentive Plan (EIP), with an exercise price of 42 cents, with one third vesting each year for three years commencing on 14 October 2017, and will expire if not exercised by 14 October 2021.
725,000	Options – issued to staff members under Aeris' EIP, with an exercise price of 42 cents, with one third vesting each year for three years commencing on 23 October 2017, and will expire if not exercised by 23 October 2021.
220,000	Options – issued to five of Aeris' key consultants, with an exercise price of 42 cents, with one third vesting each year for three years commencing on 23 October 2017, and will expire if not exercised by 23 October 2021.
100,000	Options – issued to an Aeris consultant as payment for consulting work, with an exercise price of 1 cent, with final half vested on 1 August 2018, and will expire if not exercised by 1 August 2020.
1,839,037	Performance Rights – issued to Aeris' CEO, 12 staff members and four consultants with no exercise price, and with one third vesting each year for three years commencing on 11 April 2019, and will expire if not converted by 11 April 2022.
100,000	Options – issued to an Aeris consultant as part-payment for consulting work, with an exercise price of 1 cent, vesting on 1 March 2019, subject to performance, and expire, if not exercised, by 1 March 2021.

⁺ See chapter 19 for defined terms.

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

The fully paid ordinary shares issued have full participation in any future dividends.

Part 2 - Pro rata issue

Questions 11 to 33 are not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

Questions 38 to 42 are not applicable

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

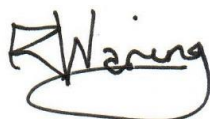
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(~~Director~~/Company Secretary)

Date: **12 December 2018**

Print name: **Robert J Waring**

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	157,745,387
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	200,000 647,060
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	158,592,447

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	23,788,867
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	100,000 23,529,417
“C”	23,629,417
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	23,788,867
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	23,629,417
Total [“A” x 0.15] – “C”	159,450 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	Not Applicable because the Company did not seek shareholder approval at its Annual General Meeting under ASX Listing Rule 7.1A.
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.