
NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (EGM) of the members of **Aeris Environmental Ltd** (Aeris or the Company) will be held at Aeris' office at Level 1, Unit 5, 26-34 Dunning Avenue, Rosebery, Sydney on Tuesday, 29 January 2019 commencing at 11:00am.

BUSINESS

Resolution 1

To Ratify the Previous Issue of 23,529,417 Shares under the Placement

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

That, for the purpose of ASX Listing Rule 7.4, and for all other purposes, the issue by way of the placement of 23,529,417 fully paid ordinary shares in the capital of the Company at the issue price of \$0.17 per Share, which raised \$4,000,000 before costs, as detailed in the ASX announcements dated 3 and 12 December 2018, and as set out in the attached Explanatory Notes, be hereby approved.

Resolution 2

To Approve the Issue of up to 23,529,417 Shares under a Proposed Placement

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 7.3, and for all other purposes, the issue by way of a proposed placement of up to 23,529,417 fully paid ordinary shares in the capital of the Company at an issue price of \$0.17 per Share, which will raise up to \$4,000,000 before costs, and as set out in the attached Explanatory Notes, be hereby approved.

Resolution 3

To Approve the Proposed Issue of Shares to a Director – Mr Maurie Stang

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11, and for all other purposes, approval be given for the Chairman of the Directors of the Company, Mr Maurie Stang, to receive, by way of the settlement of amounts owing to him for loans provided to the Company, a total of \$500,000 to be repaid to him through the issue of 2,941,176 fully paid ordinary shares in the capital of the Company at an issue price of \$0.17 per Share, as set out in the attached Explanatory Notes.

Resolution 4

To Approve the Proposed Issue of Shares to a Director – Mr Bernard Stang

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11, and for all other purposes, approval be given for a Non-Executive Director of the Company, Mr Bernard Stang, to receive, by way of the settlement of amounts owing to him for loans provided to the Company, a total of \$500,000 to be repaid to him through the issue of 2,941,176 fully paid ordinary shares in the capital of the Company at an issue price of \$0.17 per Share, as set out in the attached Explanatory Notes.

NOTICE OF EXTRAORDINARY GENERAL MEETING (continued)

Resolution 5**To Approve the Proposed Issue of Shares to a Director – Mr Steven Kritzler**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 10.11, and for all other purposes, approval be given for a Non-Executive Director of the Company, Mr Steven Kritzler, to receive, by way of the settlement of amounts owing to him for loans provided to the Company, a total of \$500,000 to be repaid to him through the issue of 2,941,176 fully paid ordinary shares in the capital of the Company at an issue price of \$0.17 per Share, as set out in the attached Explanatory Notes.

Resolution 6**To Approve the Proposed Issue of Shares to the Company Secretary – Mr Robert Waring**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 7.3, and for all other purposes, approval be given for Mr Robert Waring to receive 411,764 Shares in lieu of fees for his services as Company Secretary for a period of approximately 12 months from 1 December 2018, being at \$0.17 per Share, the same price as the recent placement and as the current Share Purchase Plan, as set out in the attached Explanatory Notes.

Other Business

To transact any other business brought forward in accordance with the Company's Constitution.

Further information in relation to these Resolutions is set out in the attached Explanatory Notes.

Voting Exclusion Statements

In respect of **Resolution 1**, the Company will disregard any votes cast on this Resolution by any person who participated in the issue or any associates of those persons. However, the Company need not disregard any vote by any such persons if:

- it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person who is chairing the EGM as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

In respect of **Resolution 2**, the Company will disregard any votes cast on this Resolution by any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any associates of those persons. However, the Company need not disregard any vote by any such persons if:

- it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person who is chairing the EGM as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

In respect of **Resolutions 3, 4 and 5**, the Company will disregard any votes cast on these Resolutions by Messrs Maurie Stang, Bernard Stang or Steven Kritzler, who will participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any of their associates, in respect of the particular Resolution that concerns that Director. However, the Company need not disregard any vote by any such persons if:

- it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person who is chairing the EGM as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

NOTICE OF EXTRAORDINARY GENERAL MEETING (continued)

In respect of **Resolution 6**, the Company will disregard any votes cast on this Resolution by Mr Robert Waring, who will participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any of his associates. However, the Company need not disregard any vote by any such persons if:

- it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person who is chairing the EGM as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

PROXIES

To be effective, Proxy Forms must be received by the Company at its registered office at least 48 hours before the time for holding the Meeting.

By hand delivery:

Unit 5, 26-34 Dunning Avenue,
Rosebery, Sydney

By facsimile:

(02) 9697 0944

By postal delivery:

PO Box 324,
Crows Nest, NSW 1585

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that a person's entitlement to vote at the EGM will be the entitlement of that person set out in the Register of Shareholders as at 11:00am (Sydney time) on Sunday, 27 January 2019. Share transfers registered after that time will be disregarded in determining entitlements to vote at the EGM. In addition, Australian legal requirements limit the eligibility of certain people to vote on some items of business to be considered at the EGM. This voting exclusion is designed to limit the capacity of people who stand to benefit from a Resolution to influence whether or not the Resolution is passed. The applicable voting exclusions for Resolutions 1 to 6 are set out above.

A member entitled to attend and vote at the EGM is entitled to appoint not more than two persons as his / her proxy to attend and vote instead of the member. A proxy need not be a member of the Company. If more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. Unless under Power of Attorney (which should have been noted by the Company), a Proxy Form by a corporation should be executed under its common seal or in accordance with the Corporations Act 2001.

If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that Resolution as they think fit. Should any resolution, other than those specified in the Notice of EGM, be proposed at the EGM, a proxy may vote on that resolution as they think fit. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on any poll that may take place and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their Proxy Forms with a direction on how to vote, but do not nominate the identity of their proxy, will be taken to have appointed the Chairman of the EGM as their proxy to vote on their behalf. If a Proxy Form is returned, but the nominated proxy does not attend the EGM, or does not vote on the Resolution, the Chairman of the EGM will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the EGM, the Company Secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the Resolutions proposed in the Notice of EGM.

Dated in Rosebery on this 19th day of December 2018.

BY ORDER OF THE BOARD

Robert J Waring
Company Secretary

EXPLANATORY NOTES

These Explanatory Notes set out information in connection with the business to be considered at the 29 January 2019 Extraordinary General Meeting (EGM).

BUSINESS

The following items of business will be considered at the EGM.

Resolution 1

To Ratify the Previous Issue of 23,529,417 Shares under the Placement

Resolution 1 proposes the approval of the issue and allotment of the placement of 23,529,417 fully paid ordinary shares in the capital of the Company, which was detailed in announcements to the ASX by the Company on 3 and 12 December 2018, pursuant to ASX Listing Rule 7.1. ASX Listing Rule 7.1 allows the Board to issue up to 15% of the Company's issued capital in any 12-month period without approval of the Shareholders. The issue of equity securities in the Company in the past 12 months was within this limit.

ASX Listing Rule 7.4 provides that an issue that is approved after it has been made is treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1. The effect of the approval is to allow the Board to issue additional securities within the 15% limit under ASX Listing Rule 7.1 immediately after the Resolution is adopted instead of having to wait until 12 December 2019 (which would be 12 months after the placement was made).

As announced to the ASX on 12 December 2018, the Company issued 23,529,417 fully paid ordinary shares to institutional and sophisticated investors, at an issue price of \$0.17 per Share. The issue raised \$4,000,000, before costs, to 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 to the ASX on 29 November 2018, and for corporate costs and working capital. The Shares are quoted on ASX and rank equally in all respects with existing fully paid ordinary shares in the Company.

Directors' recommendation: The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Resolution 2

To Approve the Issue of up to 23,529,417 Shares under a Proposed Placement

Resolution 2 seeks the approval of a proposed placement of up to 23,529,417 fully paid ordinary shares in the capital of the Company. As described in Resolution 1, ASX Listing Rule 7.1 prohibits a company from issuing or agreeing to issue Equity Securities that amount to more than 15% of its ordinary securities in any 12-month period, without shareholder approval.

Resolution 2 seeks approval for the issue of up to 23,529,417 Shares for the purposes of ASX Listing Rule 7.1. By obtaining Shareholder approval for the Equity Securities the subject of Resolution 2, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity without the requirement to obtain prior Shareholder approval. If Resolutions 1 and 2 are approved, the Company's capacity to issue Equity Securities without approval under ASX Listing Rule 7.1 will be, subject to rounding, increased to 50,747,696 securities, as at the date of the Meeting, as follows:

	Number of Equity Securities
<i>Existing Capacity – assuming Resolution 1 is approved and immediately prior to Resolution 2</i>	23,688,867
<i>Resolution 2 – Shares</i>	23,529,417
<i>ASX Listing Rule 7.1 additional 15% capacity arising from approval of Resolution 2 and assuming all Equity Securities issued are shares¹</i>	3,529,412
	50,747,696

¹ 23,529,417 Shares x 15% = 3,529,412 equity securities.

EXPLANATORY NOTES (continued)

ASX Listing Rule 7.3

ASX Listing Rule 7.3 requires that the notice concerning a proposed resolution to approve an issue of Equity Securities in accordance with ASX Listing Rule 7.1 must include the following information:

- the maximum number of Equity Securities that will be issued under the approval sought through Resolution 2 is 23,529,417;
- the Equity Securities will be issued and allotted no later than three months after the date of the Meeting (or such later date as may be permitted by the Corporations Act, the Australian Securities and Investments Commission, or by an ASX waiver of the ASX Listing Rules);
- the issue price of the Equity Securities will be no less than 80% of the VWAP of the Company's Equity Securities for the five trading days prior to the date of issue calculated in accordance with ASX Listing Rule 7.3.3;
- the Equity Securities will be issued to sophisticated and professional investors who are not related parties to the Company;
- the Equity Securities will be in the Company and will rank equally in all respects with the Company's existing equity securities;
- the issue of the Equity Securities will occur progressively;
- funds raised by the issue of the Equity Securities will be applied for its rapidly-growing American and global businesses, including meeting the costs associated with Aeris' entry into a strategic rollout internationally, and for corporate costs and working capital; and
- a Voting Exclusion Statement is contained in the Notice.

Directors' recommendation: The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

Resolutions 3, 4 and 5**To Approve the Proposed Issue of Shares to Directors – Messrs Maurie Stang, Bernard Stang and Steven Kritzler**

Subject to Shareholder approval, in relation to Resolutions 3, 4, and 5, which is sought to be obtained in accordance with ASX Listing Rule 10.11, it is proposed that Messrs Maurie Stang, Bernard Stang and Steven Kritzler will receive up to 2,941,176 Shares each by way of settlement of amounts owing to them relating to loans they made to the Company, being a total of \$1,500,000, at a deemed price of \$0.17 per Share, being the same price as the placement completed on 12 December 2018 and the Share Purchase Plan that is currently in progress dated 13 December 2018. In order to comply with Listing Rule 10.13.1, the maximum number of Shares to be issued to each of the named Directors is 2,941,176 Shares. The Share price at the date of this Notice of EGM is \$0.18, and this compares to a Share price high of \$0.20 and a low of \$0.165 in the month leading up to this Notice of EGM. It is proposed that the Shares will be issued to Messrs Maurie Stang, Bernard Stang and Steven Kritzler within one month of the EGM, i.e. prior to 28 February 2019, and no funds will be received from the issue of these Shares. The Shares proposed to be issued in Resolutions 3, 4 and 5 rank equally in all respects with the existing fully paid ordinary shares in the Company. If this approval is received by Shareholders under ASX Listing Rule 10.11, approval is not required under Listing Rule 7.1.

In the period from January 2018, the Company's abovementioned three Directors advanced a total of \$2,250,000 by way of interest-bearing loans to enable the Company to continue its activities in a period when market conditions and the Company's Share price made it unattractive to raise equity funding. Rather than have the loans repaid in cash, the Directors propose to Shareholders that \$1,500,000 of the amount owing be converted from debt into equity at the same Share price as the fundraising finalised on 12 December 2018 and as the current Share Purchase Plan. The balance of the loans are being progressively repaid in cash.

Directors' recommendation: The Directors (excepting the Director the subject of each Resolution) recommend that Shareholders vote in favour of Resolutions 3, 4 and 5.

EXPLANATORY NOTES (continued)

Resolution 6**To Approve the Proposed Issue of Shares to the Company Secretary – Mr Robert Waring**

Resolution 6 is to consider the issue of up to 411,764 Shares to the Company Secretary, Mr Robert Waring, as payment for the fees for his services as Company Secretary for a period of approximately 12 months from 1 December 2018, being at \$0.17 per Share, the same price as the recent placement and the Share Purchase Plan dated 13 December 2018. In order to comply with Listing Rule 7.3.1, the maximum number of Shares to be issued to Mr Waring is 411,674 ordinary Shares. The Shares to be issued to Mr Waring are fully paid ordinary shares in the capital of the Company subject to the same terms as, and rank equally with, all other Shares that are currently on issue.

The Share price at the date of this Notice of EGM is \$0.18, and this compares to a high of \$0.20 per Share and a low of \$0.165 per Share in the month leading up to this Notice. The Shares will be issued to Mr Waring within three months of the date of the EGM and no funds will be received from the issue of these Shares. The Shares will be held in voluntary escrow until they are earned by Mr Waring.

Directors' recommendation: The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

Definitions

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

Board means the board of Directors of the Company.

Chairman means the chairman of the Board of Directors.

Company means Aeris Environmental Ltd (ABN 19 093 977 336).

Constitution means the constitution of the Company, as amended from time-to-time.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director means a director of the Company.

Equity Securities has the same meaning as in the ASX Listing Rules.

Explanatory Notes means the explanatory notes incorporated in this Notice of EGM.

Extraordinary General Meeting, EGM or Meeting all mean the extraordinary general meeting to be held at 11:00am (Sydney time) on 29 January 2019 and notified to Shareholders by this Notice.

Notice means this notice of EGM, incorporating the Explanatory Notes.

Proxy Form means the proxy form attached to this Notice of EGM.

Resolution means a resolution set out in the Notice of EGM.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

VWAP means the arithmetic average of the daily volume weighted average price of ordinary Shares in the Company traded on the ASX.

PROXY FORM

Return Proxy Form:

- by postal delivery to: PO Box 324, Crows Nest, NSW 1585; or
- by hand delivery to: Unit 5, 26-34 Dunning Avenue, Rosebery, Sydney; or
- by facsimile to: (02) 9697 0944.

I / We

(full name in block letters)

of

(address)

being a shareholder of Aeris Environmental Ltd (the Company), and being entitled to attend and vote at the Company's Extraordinary General Meeting (EGM), hereby appoint:

(the name of the person (or body corporate) you are appointing if this person is someone other than the Chairman of the EGM)

of

(address)

or, failing that person:

(the name of the person (or body corporate) you are appointing if this person is someone other than the Chairman of the EGM)

of

(address)

or, failing that person, **the Chairman of the Meeting**, as my / our proxy / proxies to vote for me / us and on my / our behalf at the EGM of the Company to be held at Aeris' office at Level 1, Unit 5, 26-34 Dunning Avenue, Rosebery, Sydney on Tuesday, 29 January 2019 commencing at 11:00am and at any adjournment thereof.

Proxy Voting Instructions

Exercise of Proxy by Chairman: For undirected proxies, the Chairman intends to vote in favour of each of the Resolutions.

Chairman authorised to exercise undirected proxies on remuneration-related Resolution: Where I / we have appointed the Chairman of the EGM as my / our proxy (or the Chairman becomes my / our proxy by default), I / we expressly authorise the Chairman to exercise my / our proxy on Resolution 6 (except where I / we have indicated a different voting intention below) even though Resolution 6 is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 6 by marking the appropriate box below.

Signature of shareholder (This section **MUST** be signed to enable your directions to be implemented. Companies are to execute under seal or director's signature if appropriate.)

Dated this _____ day of _____ 2019

If you desire to direct your proxy / proxies how to vote (or to abstain from voting) on any Resolution, please insert an **X** in the appropriate box. If you do not direct your proxy / proxies, the proxy holder may vote as they think fit or may abstain from voting.

BUSINESS

	For	Against	Abstain
Resolution 1 – To Ratify the Previous Issue of 23,529,417 Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – To Approve the Issue of up to 23,529,417 Shares under a Proposed Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – To Approve the Proposed Issue of Shares to a Director – Mr Maurie Stang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – To Approve the Proposed Issue of Shares to a Director – Mr Bernard Stang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – To Approve the Proposed Issue of Shares to a Director – Mr Steven Kritzler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – To Approve the Proposed Issue of Shares to the Company Secretary – Mr Robert Waring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

General Information

To be effective, the Proxy Form and the Power of Attorney or other authority (if any) under which each is signed (or a copy of that Power or authority certified in a manner acceptable to the Directors of the Company) must be received at least 48 hours prior to the EGM (i.e. not later than 11:00am on Sunday, 27 January 2019), or to any adjourned meeting, at the Company's office:

by postal delivery: PO Box 324, Crows Nest, NSW 1585
by hand delivery: Unit 5, 26-34 Dunning Avenue, Rosebery, Sydney
by facsimile: (02) 9697 0944

Additional Proxy Forms will be supplied on request. A body corporate may appoint a representative to attend, vote at and otherwise act for it at the EGM in accordance with section 250D of the Corporations Act 2001.

A Shareholder entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in their place. A proxy need not be a Shareholder of the Company.

When more than one proxy is appointed, each proxy must be appointed to represent a specified number of shares held by the Shareholder. Neither proxy may then vote by a show of hands.

Proxies must be appointed in writing under the hand of the Shareholder or the Shareholder's attorney, or if the Shareholder is a company under its common seal or the hand of a duly authorised attorney and in accordance with the Corporations Act.

Signing Instructions

You **must** sign this Proxy Form, in the spaces provided, as follows:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this Proxy Form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this Proxy Form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by completing the information in the appropriate place.

If a representative of a company shareholder or a company proxy is to attend the EGM the appropriate Appointment of Corporate Representative Certificate should be produced prior to admission. This form may be obtained from the Company.