

27 January 2015

Company Announcements Office
Australian Securities Exchange

MARKET UPDATE

Aeris Environmental Ltd (ASX Code: AEI) is pleased to provide the following update of its activities subsequent to the Chairman's and Chief Executive Officer's address to shareholders at its 2014 Annual General Meeting and can confirm that, notwithstanding the annual holiday period, substantial progress has been made in the commercialisation of its SmartENERGY and coatings platforms.

The recent commercial installation of Aeris products in the first building for Spotlight Retail Group has now been completed and invoiced. Spotlight Retail Group is a diversified and growing business that encompasses two of Australia's favourite retail operations, being Spotlight, Australasia's largest craft, fabric and home interior superstore, and Anaconda, Australia's largest camping, adventure and sports superstore. Spotlight Retail Group also owns and operates over 150 premises, across four countries, occupying over 4.2 million square feet of retail space and employing over 7,000 staff. Aeris significantly exceeded its targeted energy reduction for Spotlight Retail Group of 22.6%, which alongside the material improvements in indoor air quality, system efficiency and validated carbon reduction, provided the client with a highly-attractive Return on Investment. The Company will continue to work with Spotlight Retail Group on further implementations across the relevant buildings within its portfolio.

Aeris also continues to work closely with a range of customers across Australia, including high-profile national shopping centres, retail, property, healthcare and Government groups, and each SmartENERGY demonstration to-date has met or exceeded Aeris' projected energy and system efficiency benchmarks. The Company has both a material pipeline of validated near-term revenue opportunities combined with a number of purchase orders for high-profile projects that will be installed in the near future. Aeris has already invoiced and / or received purchase orders in excess of \$400,000 in the month of January 2015 and has significant forward order opportunities. This revenue represents the initial commercialisation of the Company's current priority platforms.

The Company has manufactured and shipped over 1.5 tonnes of its new HVAC coating since its recent Australian launch. Aeris continues to work with multiple local and international distribution partners, and is currently expanding its global OEM, duct and exhaust hood coating footprint and opportunities.

Consistent with the Company's stated objective of increased revenue, Aeris has expanded both its local sales and technical team as previously foreshadowed. The Company is pleased to announce the commencement of Mr Dennis Rigney to a senior role within Aeris. Dennis has held strategic sales and business development roles over the last 18 years. He has a proven track record for implementing innovative solutions for some of Australia's largest industrial and commercial businesses within L&H Group, a subsidiary of the Sonepar Group, the world's largest electrical wholesale business. The Company welcomes Dennis to the team.

The Aeris SmartENERGY and coatings platforms are enjoying strong commercial interest across Asia Pacific and the Company is in advanced negotiations to implement these technologies in key markets across the region. Subsequent to a recent visit to the region, Aeris is in advanced discussions with large customers and distributors, which are targeted to generate significant revenue in the near future.

Aeris Environmental Ltd

Peter Bush
Chief Executive Officer

About Aeris

Aeris Environmental Ltd is focused on the global megatrends of energy efficiency, healthier air, food safety, water quality, and long-term materials protection, with core guiding principles of 'clean, green, protect'.

SmartENERGY is a proprietary system that provides dramatic and proven energy savings in the range of 19 to 33%, alongside documented improvement in system efficiency (54 to 289% improvement in airflow and up to 40% in coil efficiency) and independently-validated indoor air quality across all air-conditioning and refrigeration systems, with proven immediate cash flow savings.

Smart Coatings provide long-term prevention of mould, bacteria growth, corrosion and improved hygiene, with OEM, consumer and technical applications.