
NOTICE OF THE 2015 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting (AGM) of the members of **Aeris Environmental Ltd** (Aeris or the Company) will be held at the NSW Trade and Investment Centre, Department of State and Regional Development, Level 47 MLC Centre, 19 Martin Place, Sydney on Monday, 30 November 2015 commencing at 11:00am.

BUSINESS

ORDINARY BUSINESS

1. To Consider the Financial Report

To consider the Reports of the Directors and the Auditor, and the Financial Statements of the Company for the year ended 30 June 2015.

2. Resolution 1 – To Elect a Director – Mr Steven Kritzler

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

That, pursuant to the Company's Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Steven Kritzler retires as a Director and, being eligible, offers himself for re-election.

3. Resolution 2 – To Adopt the Remuneration Report

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

That the Company's Remuneration Report for the financial year ended 30 June 2015, as set out in the Directors' Report in the Company's 2015 Annual Report, be received, approved and adopted.

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

SPECIAL BUSINESS

4. Resolution 3 – Ratification of Previous Issue of 10,040,000 Shares under Placement

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

That, for the purposes of ASX Listing Rules 7.1 and 7.4, and for all other purposes, the issue by way of the placement of 10,040,000 fully paid ordinary shares in the capital of the Company at A\$0.50 per Share, which raised A\$5,020,000 before costs, as detailed in the ASX announcement dated 18 June 2015, and as set out in the attached Explanatory Notes, be hereby approved.

5. Resolution 4 – Approval of 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 and is hereby given for the Chairman of the Directors of the Company, Mr Maurie Stang, to receive, by way of settlement of amounts owing to him for loans provided to the Company, a total of A\$500,000 to be repaid to him through the issue of 1,000,000 fully paid ordinary shares, at an issue price of A\$0.50 per Share, as set out in the attached Explanatory Notes.

6. Resolution 5 – Approval of 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 and is hereby given for Non-Executive Director of the Company, Mr Bernard Stang, to receive, by way of settlement of amounts owing to him for loans provided to the Company, a total of A\$500,000 to be repaid to him through the issue of 1,000,000 fully paid ordinary shares, at an issue price of A\$0.50 per Share, as set out in the attached Explanatory Notes.

7. Resolution 6 – Approval of 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 and is hereby given for Non-Executive Director of the Company, Mr Steven Kritzler, to receive, by way of settlement of amounts owing to him for loans provided to the Company, a total of A\$500,000 to be repaid to him through the issue of 1,000,000 fully paid ordinary shares, at an issue price of A\$0.50 per Share, as set out in the attached Explanatory Notes.

8. 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 2, the Company will disregard any votes cast (in any capacity) by or on behalf of any person who is a member of the key management personnel (KMP) or a closely-related party of any member of KMP. The prohibition in the Corporations Act on members of the Company's KMP voting does not apply to the Chairman of the AGM as proxy for a member entitled to vote where the proxy appointment expressly authorises the Chairman of the AGM to vote. 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 AGM 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 3, 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 AGM 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 4, 5 and 6, the Company will disregard any votes cast on those Resolutions by Messrs Maurie Stang, Bernard Stang or Steven Kritzler, 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 AGM 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.

Definitions

AGM, Meeting or Annual General Meeting mean the annual general meeting to be held at 11:00am on 30 November 2015 and notified to Shareholders by this Notice.

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.

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

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

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

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

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

Shareholder means the holder of a Share.

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 postal delivery or hand delivery:

Level 1, Unit 5, 26-34 Dunning Avenue,
Rosebery NSW 2018

By facsimile:

(02) 9697 0944

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 AGM will be the entitlement of that person set out in the Register of Shareholders as at 11:00am (Sydney time) on 28 November 2015. Share transfers registered after that time will be disregarded in determining entitlements to vote at the AGM. In addition, Australian legal requirements limit the eligibility of certain people to vote on some items of business to be considered at the AGM. 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 2 to 6 are set out above.

A member entitled to attend and vote at the AGM 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 AGM, be proposed at the AGM, 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 AGM as their proxy to vote on their behalf. If a Proxy Form is returned, but the nominated proxy does not attend the AGM, or does not vote on the Resolution, the Chairman of the AGM will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the AGM, 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 AGM.

Dated in Rosebery on this 22nd day of October 2015.

BY ORDER OF THE BOARD

Robert J Waring
Company Secretary

These **Explanatory Notes** set out information in connection with the business to be considered at the 2015 Aeris Environmental Ltd Annual General Meeting.

ORDINARY BUSINESS

The following items of ordinary business will be considered at the AGM.

To Consider the Financial Report

This item of business relates to the consideration of the Company's Financial Statements, including the related Directors' and Auditor's Reports, for the year ended 30 June 2015 as required by the Corporations Act, and gives the Shareholders the opportunity to ask questions or to make comments concerning the Financial Report during the AGM. Shareholders who elected to do so will have received a printed or email version of the Company's Annual Report, and a copy is available on the ASX website, as well as the Company's website at www.aerisenvironmental.com. A copy of the 2015 Annual Report may also be requested from the Company Secretary. There is no requirement for a formal resolution on this item.

Resolution 1

To Elect a Director – Mr Steven Kritzler

Mr Steven Kritzler was originally appointed a Director of the Company on 24 July 2002. Under the Company's Constitution, whereby at least one third of Directors must retire (and may seek re-election) at each AGM, he retires by rotation and, being eligible, wishes to stand for re-election. The Board oversaw a review of the performance of all Directors, which was designed to assess the effectiveness of each Director. All Directors contributed to that review. The Board has also reviewed the skills, backgrounds, knowledge, experience, and diversity of gender and nationality represented on the Board. On the basis of these reviews, the Board considers that Mr Kritzler demonstrates commitment to his role, continues to make a valuable contribution to the Board (particularly on technical and scientific matters) and that the Board as a whole has an appropriate mix of skills, backgrounds, knowledge, experience and diversity to operate effectively. Mr Kritzler is a substantial shareholder in the Company and, accordingly, is not considered to be an independent Director.

Mr Kritzler has a MSc from UNSW in the field of Polymer Chemistry and holds a number of international patents. He is the Technical Director of Novapharm Research, and has over 40 years of experience in commercial research and development in the areas of pharmaceutical, medical, cosmetic and specialty industrial products. Under Mr Kritzler's technical direction, Novapharm Research has become a world-leader in infection control science.

Directors' recommendation: The Directors (except Mr Steven Kritzler) recommend that Shareholders vote in favour of Resolution 1.

Resolution 2

To Adopt the Remuneration Report

The Corporations Act requires that a resolution be put to members to adopt the Remuneration Report for the year ended 30 June 2015, as disclosed in the Directors' Report in the Company's Annual Report. The vote on this Resolution is advisory only and non-binding. The Resolution gives the members the opportunity to ask questions or make comments concerning the Remuneration Report during the AGM. Under the Corporations Act, if 25% or more of votes that are cast vote against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (a spill resolution) that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

The Company encourages all Shareholders to cast their votes on Resolution 2.

In accordance with section 250R(4) of the Corporations Act, the Company will disregard votes cast on Resolution 2 by any member of the Company's key management personnel (KMP) whose remuneration details are included in the Remuneration Report, or any closely-related parties of such a member, unless the vote is cast:

- (a) as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or

- (b) by the Chairman of the AGM as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

KMP of the Company are the Directors of the Company, and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's KMP for the financial year to 30 June 2015. The KMP closely-related parties are defined in the Corporations Act 2001, and include certain of their family members, dependants and companies they control.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 2 by marking either "For", "Against" or "Abstain" on the Proxy Form for this item of business.

SPECIAL BUSINESS

Resolution 3

Ratification of Previous Issue of 10,040,000 Shares under Placement

Resolution 3 proposes the approval of the issue and allotment of a placement of 10,040,000 fully paid ordinary shares in the capital of the Company, which was detailed in announcements to the ASX by the Company on 11 and 18 June 2015 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.

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 of the Company 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 18 June 2016 (which would be 12 months after the Placement was made).

As announced to the ASX on 18 June 2015, the Company issued 10,040,000 fully paid shares through a number of brokers, through sophisticated and institutional investors in Australia, together with a significant cornerstone investment from a leading fund based in Hong Kong, at an issue price of A\$0.50 per Share. The issue raised A\$5,020,000, before costs, to support the Company's expansion plans for its 'clean, green, protect' platforms, being SmartENERGY, coatings, enzymatic remediation and smart (anti-microbial) polymers. In addition, Aeris is using the funds to pursue a number of long-term, energy-saving operating agreements to provide ongoing annuity income to the business, and for corporate costs and working capital. The Shares issued rank equally in all respects with existing fully paid ordinary shares in the Company.

Resolutions 4, 5 and 6

Approval of Issue of Shares to Directors – Messrs Maurie Stang, Bernard Stang and Steven Kritzler

Subject to Shareholder approval, in relation to Resolutions 4, 5 and 6, 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 1,000,000 Shares each by way of settlement of amounts owing to them relating to loans they made to the Company of a total of A\$1,500,000, at a deemed price of A\$0.50 per Share, being the same price as the placement completed on 18 June 2015. The Share price at the date of this Notice of AGM is \$0.36, and this compares to a Share price high of \$0.435 and a low of \$0.34 in the month leading up to this Notice of AGM. It is proposed that the Shares will be issued to Messrs Maurie Stang, Bernard Stang and Steven Kritzler within one month of the AGM, i.e. prior to 30 December 2015, and no funds will be received from the issue of these Shares. The Shares proposed to be issued in Resolutions 4, 5 and 6 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 early 2013, the Company's current Directors advanced a total of A\$2,765,000 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 A\$1,500,000 of the amount owing be converted from debt into equity at the same Share price as the June 2015 fundraising. The balance of the loans are being progressively repaid in cash.

PROXY FORM

Return Proxy Form:

- by mail or hand delivery to: Level 1, Unit 5, 26-34 Dunning Avenue, Rosebery NSW 2018; 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 Annual General Meeting (AGM), hereby appoint:

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

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 AGM)

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 AGM of the Company to be held at the NSW Trade and Investment Centre, Department of State and Regional Development, Level 47, MLC Centre, 19 Martin Place, Sydney on Monday, 30 November 2015 commencing at 11:00am and at any adjournment thereof.

Proxy Voting Instructions

If you do not wish to direct your proxy how to vote, please insert an X in this box: ☐

By marking this box, you acknowledge that, if the Chairman is your proxy, the Chairman may exercise your proxy even if the Chairman has an interest in the outcome of the Resolution and votes cast by the Chairman, other than as proxy holder, will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the Resolution and your votes will not be counted in calculating the required majority if a poll is called on the Resolution in which the Chairman has an interest.

If the Chairman of the AGM is voting as your proxy, the Chairman intends to vote any undirected proxies held on the item of business in favour of the Resolution on that item of business.

Chairman authorised to exercise undirected proxies on remuneration-related Resolution: ☐

Where I / we have appointed the Chairman of the AGM 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 2 (except where I / we have indicated a different voting intention below) even though Resolution 2 is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

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 _____ 2015

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.

ORDINARY BUSINESS

Resolution 1 - To Elect a Director – Mr Steven Kritzler

For Against Abstain

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Resolution 2 - To Adopt the Remuneration Report

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SPECIAL BUSINESS

Resolution 3 - Ratification of Previous Issue of 10,040,000 Shares under Placement

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Resolution 4 - Approval of Issue of Shares to a Director – Mr Maurie Stang

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Resolution 5 - Approval of Issue of Shares to a Director – Mr Bernard Stang

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Resolution 6 - Approval of Issue of Shares to a Director – Mr Steven Kritzler

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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 AGM (i.e. not later than 11:00am on 28 November 2015), or to any adjourned meeting, at the Company's office being:

By mail or hand delivery: Level 1, Unit 5, 26-34 Dunning Avenue, Rosebery NSW 2018
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 AGM in accordance with section 250D of the Corporations Act 2001.

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 AGM the appropriate Appointment of Corporate Representative Certificate should be produced prior to admission. This form may be obtained from the Company.