

9 September 2019

Company Announcements Office
Australian Securities Exchange

ISSUE OF SECURITIES TO EMPLOYEES AND CONSULTANTS

Aeris Environmental Ltd (ASX:AEI) advises that today it has issued a total of 1,702,914 new fully paid ordinary shares and a total of 150,000 Performance Rights. Details of the issues are as follows:

- (a) A total of 1,560,000 shares (being 780,000 and 780,000 shares issued to two consultants as equity payment for services provided during the period from November 2018 under the terms of their appointment letters);
- (b) A total of 142,914 shares (being 84,581 shares issued to eight Aeris staff members and 58,333 shares issued to four consultants on the conversion of their Performance Rights into ordinary shares upon vesting); and
- (c) 150,000 Performance Rights issued to two consultants as part-payment for consulting work, with no exercise price, and with one third vesting each year for three years commencing on 25 July 2020, and will expire if not converted by 25 July 2023.

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

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

Aeris advises that on 9 September 2019 the Company issued a total of 1,702,914 new fully paid ordinary shares and a total of 150,000 Performance Rights, 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 Performance Rights |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,702,914 fully paid ordinary shares 150,000 Performance Rights |

| | |
|---|---|
| <p>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> | <p>(a) A total of 1,560,000 shares (being 780,000 and 780,000 shares issued to two consultants as equity payment for services provided during the period from November 2018 under the terms of their appointment letters);</p> <p>(b) A total of 142,914 shares (being 84,581 shares issued to eight Aeris staff members and 58,333 shares issued to four consultants on the conversion of their Performance Rights into ordinary shares upon vesting); and</p> <p>(c) 150,000 Performance Rights issued to two consultants as part-payment for consulting work, with no exercise price, and with one third vesting each year for three years commencing on 25 July 2020, and will expire if not converted by 25 July 2023.</p> |
| <p>4 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 | <p>The AEI fully paid ordinary shares issued (and any AEI fully paid ordinary shares to be issued if and when the Performance Rights are converted) rank equally with the Company's existing fully paid ordinary shares.</p> |
| <p>5 Issue price or consideration</p> | <p>The 1,560,000 shares were issued as equity payment for services provided.</p> <p>The 142,914 shares were issued for no cash consideration on the conversion of Performance Rights into ordinary shares upon vesting.</p> <p>The 150,000 Performance Rights were issued as part-payment for consulting work, with no cash consideration, and may be converted after vesting for no exercise price.</p> |

+ See chapter 19 for defined terms.

| | | |
|----|---|---|
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | <p>(a) A total of 1,560,000 shares issued to two consultants as equity payment for services provided;</p> <p>(b) A total of 142,914 shares issued to eight Aeris staff members and 58,333 shares issued to four consultants on the conversion of their Performance Rights into ordinary shares upon vesting; and</p> <p>(c) 150,000 Performance Rights issued to two consultants as part-payment for consulting work.</p> |
| 6a | Is the entity an ⁺ eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the ⁺ securities the subject of this Appendix 3B, and comply with section 6i | 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 | 1,560,000 shares and 150,000 Performance Rights |
| 6d | Number of ⁺ securities issued with security holder approval under rule 7.1A | None |
| 6e | Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | None |
| 6f | Number of ⁺ securities issued under an exception in rule 7.2 | 142,914 shares |
| 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 | 30,073,414 shares | | | | |
|-------------|--|--|--------|--------------------|-------------|---|
| 7 | <p>⁺Issue dates</p> <p>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.</p> | 9 September 2019 | | | | |
| 8 | Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the ⁺ securities in section 2 if applicable) | <table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>213,449,424</td><td>Fully paid ordinary shares (including 321,899 shares that are subject to voluntary escrow – to be progressively released until December 2019)</td></tr></table> | Number | ⁺ Class | 213,449,424 | Fully paid ordinary shares (including 321,899 shares that are subject to voluntary escrow – to be progressively released until December 2019) |
| Number | ⁺ Class | | | | | |
| 213,449,424 | Fully paid ordinary shares (including 321,899 shares that are subject to voluntary escrow – to be progressively released until December 2019) | | | | | |

+ See chapter 19 for defined terms.

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

| Number | ⁺ Class |
|-------------|---|
| 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. |
| 450,000 | 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, all of which have vested, and will expire if not exercised by 1 August 2020. |
| * 1,642,288 | Performance Rights – held by Aeris’ CEO, eight 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, all of which have vested, and expire, if not exercised, by 1 March 2021. |
| 150,000 | Performance Rights – issued to two consultants as part-payment for consulting work, with no exercise price, and with one third vesting each year for three years commencing on 25 July 2020, and will expire if not converted by 25 July 2023. |

* 142,914 of 1,839,037 Performance Rights vested and converted into ordinary shares, leaving 1,696,123 Performance Rights, which was further reduced by 53,835 Performance Rights forfeited by four staff members who have left the Company.

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

Any fully paid ordinary shares issued will 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

+ See chapter 19 for defined terms.

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.

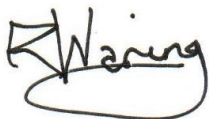
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) 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: **9 September 2019**

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 | 157,945,387 |
| 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> | 12 Dec 2018 – 24,176,477 shares 29 Jan 2019 – 1,514,698 shares 31 Jan 2019 – 28,109,948 shares 9 Sep 2019 – 142,914 shares |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | Nil |
| “A” | 211,889,424 |

+ 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 | 31,783,414 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <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 <p><i>Note:</i></p> <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> | <p>9 Sep 2019 – 1,560,000 shares</p> <p>9 Sep 2019 – 150,000 performance rights</p> |
| “C” | 1,710,000 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 31,783,414 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 1,710,000 |
| Total [“A” x 0.15] – “C” | <p>30,073,414</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p> |

+ 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"> • <i>This applies to equity securities – 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>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</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | |
| “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.