



NOTICE OF ANNUAL GENERAL MEETING

Place

The offices of DibbsBarker Lawyers
Level 8, Angel Place
123 Pitt Street, Sydney

Date

Monday, 28 November 2016

Time

11:00am



NOTICE OF THE 2016 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of the members of **Aeris Environmental Ltd** (Aeris or the Company) will be held at the offices of DibbsBarker Lawyers, Level 8, Angel Place, 123 Pitt Street, Sydney on Monday, 28 November 2016 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 2016.

2. Resolution 1 – To Elect a Director – Mr Maurie Stang

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 Maurie Stang, who retires by rotation as a Director, and, being eligible, offers himself for re-election, be elected a Director of the Company.

3. Resolution 2 – To Elect a Director – Dr Alex Sava

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, Dr Alex Sava, who was appointed a Director since the last AGM, retires as a Director and, being eligible, offers himself for re-election, be elected a Director of the Company.

4. Resolution 3 – 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 2016, as set out in the Directors' Report in the Company's 2016 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

5. Resolution 4 – To Approve the 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 \$338,333 to be repaid to him through the issue of 805,555 fully paid ordinary shares, at an issue price of \$0.42 per Share, as set out in the attached Explanatory Notes.

6. Resolution 5 – To Approve the 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 \$338,333 to be repaid to him through the issue of 805,555 fully paid ordinary shares, at an issue price of \$0.42 per Share, as set out in the attached Explanatory Notes.

- 7. Resolution 6 – To Approve the 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 \$338,333 to be repaid to him through the issue of 805,555 fully paid ordinary shares, at an issue price of \$0.42 per Share, as set out in the attached Explanatory Notes.
- 8. Resolution 7 – To Approve the Issue of Options to a Director – Dr Alex Sava**
To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:
That, subject to the passing of Resolution 2, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval be given for the Company to issue a maximum of 100,000 options under the terms of the Company's Employee Incentive Plan (EIP) to Non-Executive Director Dr Alex Sava (or his nominee), and subject to the exercise of those options and payment of the exercise price, the issue of that number of fully paid ordinary shares of the Company to that Director, on the terms and conditions set out in the Explanatory Notes.
- 9. Resolution 8 – To Adopt a New Constitution**
To consider and, if thought fit, to pass the following Resolution as a Special Resolution:
That the document submitted to this AGM, and signed by the Chairman of the Meeting for the purpose of identification, be approved and adopted as the new constitution of the Company in substitution for the existing Constitution of the Company (which is repealed), with effect from the close of the AGM.
- 10.** 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 3**, 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), whose remuneration details are included in the Remuneration Report, or a closely-related party of such a member. 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.

In respect of **Resolutions 4, 5, 6 and 7**, and for the purposes of the ASX Listing Rules, the Company will disregard any votes cast on those Resolutions by Messrs Maurie Stang, Bernard Stang, Steven Kritzler or Alex Sava, or any of their associates who are to receive securities in relation to the Company 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.

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 26 November 2016. 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 3 to 7 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 17th day of October 2016.

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 2016 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 2016 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.aeris.com.au. A copy of the 2016 Annual Report may also be requested from the Company Secretary. There is no requirement for a formal resolution on this item.

General Explanatory Notes Applying to Resolutions 1 and 2

The Company undertakes appropriate checks before appointing a person, or putting forward to security holders a candidate, for election as a director and provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. These include checks as to the person's character, experience, education, criminal record and bankruptcy history. Candidates for appointment or election as Non-Executive Directors provide the Board with the information above and a consent for the Company to conduct any background or other checks the Company would ordinarily conduct. The candidate also provides details of his or her other commitments and an indication of time involved, and specifically acknowledges to the Company that he or she will have sufficient time to fulfil his or her responsibilities as a director. A candidate for election as a Director of Aeris discloses to the Company all interests, positions, associations and relationships that may bear on his or her independence.

Resolution 1

To Elect a Director – Mr Maurie Stang

Non-Executive Chairman Mr M Stang has over 30 years of experience building and managing successful companies in the Australasian healthcare market, and extensive networks within the life-sciences and pharmaceutical sectors, both in Australia and internationally. Since co-founding the Regional Health Care Group (of which he is a director), he has been instrumental in building it into one of the region's leading healthcare product suppliers, with a key joint venture in the Australasian dental market, and successful operating businesses across a range of medical, pharmaceutical and consumer healthcare sectors. Mr M Stang is a director of Novapharm Research, and is a Principal of GryphonCapital, an independent investment house that facilitates the financing and development of emerging healthcare-related entities. He is also a Founder and Director of Henry Schein Halas, a joint venture with the NASDAQ-listed Henry Schein, Inc., the leading supplier of healthcare products in Australasia.

Under the Company's Constitution, whereby at least one third of Directors must retire (and may seek re-election) at each AGM, Mr M Stang retires by rotation and, being eligible, wishes to stand for re-election. During the year, 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 M Stang demonstrates commitment to his role, continues to make a valuable contribution to the Board (particularly on strategic, product development and marketing matters) and that the Board as a whole has an appropriate mix of skills, backgrounds, knowledge, experience and diversity to operate effectively. Mr M Stang is a substantial shareholder in the Company and, accordingly, is not considered to be an independent Director of Aeris.

Appointed to the Board: Director since 24 July 2002 – appointed Chairman in 2002 (i.e. a term of office currently served as a Director of 14 years and three months).

Directorships of other listed companies held in the last three years: Non-Executive Chairman of Nanosonics Limited (ASX:NAN) since November 2000 and Non-Executive Director (and, since 2015, Deputy Chairman) of Vectus Biosystems Limited (ASX:VBS) since December 2005.

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

Resolution 2

To Elect a Director – Dr Alex Sava

Non-Executive Director Dr Alex Sava has a Master of Science degree, majoring in Chemical Engineering, and a Doctorate of Philosophy in Physical Chemistry. Earlier in his career, he spent seven years with the Institute of Semiconductors in Ukraine and four years as a Vice President of New York-based MicroMax Computer Intelligence Inc. Dr Sava has had extensive experience in research and development, holds over 100 international patents and has authored over 30 scientific articles. He has previously made a substantial contribution to the early success of Nanosonics Limited and has undertaken business development activity across many international markets. Dr Sava has both scientific and commercial experience.

No material adverse information has been revealed by the checks the Company has performed about Dr Sava, and there are no details of any interest, position, association or relationship that the Board believes might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board, and to act in the best interests of the Company and its security holders generally. Under the Company's Constitution, as Dr Sava was appointed to the Board since the last AGM, he retires and, being eligible, wishes to stand for re-election. Following the Directors' review of the skills, backgrounds, knowledge, experience, and diversity of gender and nationality represented on the Board, it was decided to expand the Board, and Dr Sava was invited to join the Company as a Director. The Directors consider that Dr Sava will make a valuable contribution to the Board, particularly on technical and scientific matters. The Board considers that Dr Sava will not, if elected, qualify as an independent Director.

Appointed to the Board: Director since 3 October 2016.

Directorships of other listed companies held in the last three years: none.

Directors' recommendation: The Directors (except Dr Alex Sava) recommend that Shareholders vote in favour of Resolution 2.

Resolution 3

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 2016, 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 3.

In accordance with section 250R(4) of the Corporations Act, the Company will disregard votes cast on Resolution 3 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 2016. 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 3 by marking either "For", "Against" or "Abstain" on the Proxy Form for this item of business.

Directors' recommendation: The Directors recommend that Shareholders vote in favour of Resolution 3.

SPECIAL BUSINESS

Resolutions 4, 5 and 6

To Approve the Issues 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 805,555 Shares each by way of settlement of amounts owing to them relating to loans they made to the Company of a total of \$1,015,000, at a deemed price of \$0.42 per Share, being the 20-day volume-weighted average price (VWAP), of the Company's shares on ASX for the 20 trading days prior to the completion of this Notice of AGM. The Share price at the date of this Notice of AGM is \$0.40, and this compares to a Share price high of \$0.46 and a low of \$0.35 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 28 December 2016, 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 ASX Listing Rule 7.1.

In the period from early 2013, the Company's current Directors advanced a total of \$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. At the Company's 2015 AGM, the Shareholders approved a Resolution that \$1,500,000 of the amount owing be converted from debt into equity at the same Share price as the June 2015 fundraising of \$0.50. This repayment took place in December 2015. Rather than have the balance of the loans repaid in cash, the Directors propose to Shareholders that the balance of \$1,015,000 currently owing to the Directors be converted from debt into equity at the 20-day VWAP.

Directors' recommendation: The Directors (except in respect of the particular Resolution that concerns that Director) recommend that Shareholders vote in favour of Resolution 4, 5 and 6.

Resolution 7

To Approve the Issue of Options to a Director – Dr Alex Sava

Subject to the passing of Resolution 2, for the purpose of ASX Listing Rule 10.14 and for all other purposes, Resolution 7 seeks approval for the Company to issue a maximum of 100,000 options under the terms of the Company's EIP to Non-Executive Director Dr Alex Sava (or his nominee), and, subject to the exercise of those options and payment of the exercise price, the issue of that number of fully paid ordinary shares of the Company to him. The options will have with an exercise price of \$0.42, with one third vesting each year for three years commencing on

14 October 2017, and will expire if not exercised by 14 October 2021. The exercise price of \$0.42 per Share was obtained by calculating the 20-day VWAP of the Company's shares on ASX for the 20 trading days prior to the completion of this Notice of AGM.

The Options will be granted as a key component of Dr Alex Sava's remuneration in order to retain his services and provide incentive linked to the performance of the Company. Shareholder approval is required under ASX Listing Rule 10.14 because he is a Director of the Company and, as such, a related party of the Company. If Shareholder approval is given under ASX Listing Rule 10.14, Shareholder approval is not required under ASX Listing Rule 7.1. For the purposes of ASX Listing Rule 10.15 information regarding the proposed Options grant is provided as follows to the extent that such information is not disclosed elsewhere in these Explanatory Notes:

- The Options will be issued to Dr Alex Sava (or his nominee);
- The Company will issue up to a maximum of 100,000 Options;
- The exercise price of \$0.42 per Share was obtained by calculating the 20-day VWAP of the Company's shares on ASX for the 20 trading days prior to the completion of this Notice of AGM;
- It is intended that the Options will be issued to Dr Alex Sava within one month of the date of the AGM and, in any event, no later than 12 months after the date of the AGM;
- The Options will not be issued for cash consideration, but as a key component of Dr Alex Sava's remuneration by the Company;
- No Options have been issued to Directors under the EIP since it was approved by Shareholders at the AGM held on 27 November 2014;
- All Directors of the Company are entitled to participated in the EIP;
- There is no loan scheme in relation to the Option grant or the subsequent issue of shares following vesting and exercise; and
- No funds will be raised from the issue of the Options.

Using the Black and Scholes option valuation methodology and a valuation date of 14 October 2016 when the Share price was \$0.40, the 100,000 Options have a value of approximately \$0.30. Accordingly, the total value of Options proposed to be granted to Dr Alex Sava is \$30,000. The assumptions used in the calculation are: the risk-free rate of 1.41%, based on the Australian Government Bond Rate; the exercise price of \$0.42 compared to the Share price of \$0.40 on the valuation date; and a volatility of 105% factoring the historical share price volatility.

It is noted that Dr Alex Sava currently has 68,025 Shares and no Options in the Company. The dilutionary effect of the issue of 100,000 Options to Dr Alex Sava will be very small at 0.065% of the expanded Shares and Options on issue. There are currently 154,928,722 Aeris Shares on issue. At the date of this Notice there are 770,000 Aeris Options on issue with exercise prices of between \$0.165 and \$0.22, which expire on dates from 17 November 2016 to 31 July 2019.

The passing of Resolution 7 is conditional upon, and subject to, Resolution 2 being approved by shareholders. Accordingly, if you intend to vote in favour of Resolution 7, you should also vote in favour of Resolution 2.

Directors' recommendation: The Directors (except Dr Sava) recommend that Shareholders vote in favour of Resolution 7.

Resolution 8 To Adopt a New Constitution

Resolution 8 seeks the approval of Shareholders to repeal the Company's existing Constitution and adopt a new constitution in the form as signed by the Chairman at the AGM for identification purposes. The proposed new constitution is available for review by Shareholders at the Company's website at www.aeris.com.au or at its registered office, or a copy will be emailed to any Shareholder who requests a copy.

The Company's current Constitution is being amended to ensure that it is consistent with the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the ASX Clear Operating Rules, and any amendments made to the Corporations Act and these ASX Rules since the existing Constitution was adopted prior to the Company's admission to trading on ASX on

1 August 2002. The Directors believe that the proposed changes to the existing Constitution are not material nor will they have any significant impact on Shareholders. Since it is not practicable to list all of the differences between the current Constitution and the new constitution in detail in these Explanatory Notes, a summary of the rights and liabilities under the new constitution, and references to the ASX Listing Rules and the Corporations Act, have been attached to this Notice in Annexure 1 below. The summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders under the new constitution.

Pursuant to section 136 of the Corporations Act, the Company may adopt the new constitution by a Special Resolution passed at a general meeting of Shareholders. A Special Resolution is passed where at least 75% of the votes cast by Shareholders of the Company entitled to vote on that resolution and who vote at the relevant meeting in person or by proxy, are cast in favour of that resolution.

If Resolution 8 is approved by Shareholders, the new constitution will take effect at the close of the AGM.

Directors' recommendation: The Directors recommend that Shareholders vote in favour of Resolution 8.

GLOSSARY

AGM, Meeting or Annual General Meeting mean the annual general meeting to be held at 11:00am on 28 November 2016 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.

Employee Incentive Plan or EIP mean that plan approved by Shareholders at the AGM held on 27 November 2014.

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

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

Option means an option to acquire a fully paid ordinary share in the capital of the Company.

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

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

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

Shareholder means the holder of a Share in the Company.

Special Resolution means a resolution that requires approval of at least 75% of the votes cast by Shareholders present and eligible to vote at the Meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

ANNEXURE 1

PROPOSED CONSTITUTION

Set out below is a summary of the rights and liabilities under the new constitution, the ASX Listing Rules and the Corporations Act, which will attach to the Shares of the Company. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders under the new constitution. The rights attaching to the Shares are set out in the new constitution. Those rights will also be subject to the ASX Listing Rules in all respects while the Company maintains its listing on the ASX.

Meeting and Voting

Each Shareholder will be entitled to receive notice of, and attend and vote at, general meetings of the Company. At a general meeting, every Shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and, on a poll, one vote for each Share held.

It is noted that under section 249N of the Corporations Act (which the new constitution is subject to): (a) Shareholders with 5% of the total number of votes that may be cast at the meeting; or (b) at least 100 Shareholders who are entitled to vote at the meeting, may give the Company notice of a resolution they propose to move at a general meeting.

Notices

Each Shareholder will be entitled to receive all notices, accounts and other documents required to be given to Shareholders under the new constitution, the Corporations Act and the ASX Listing Rules.

Dividends

The Directors are authorised to make all decisions, including as to the method and time for payment, regarding dividends in respect of Shares that are permitted under the Corporations Act.

Winding Up

Subject to the terms of the issue of Shares, on a winding up of the Company, the liquidator may with the sanction of a Special Resolution of the Company divide the surplus assets of the Company remaining after payment of its debts among Shareholders in proportion to the number of shares held by them (with partly paid shares counted as fractions of fully paid shares).

Transfer

Subject to the new constitution, the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company's Shares will be freely transferable.

Creation and Issue of Further Shares

The allotment and issue of any additional Shares will be under the control of the Directors, subject to any restrictions on the allotment of Shares imposed by the new constitution, the Corporations Act and the ASX Listing Rules.

Variation of Rights

The rights, privileges and restrictions attaching to ordinary shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary Shares, by a 75% majority of those holders who, being entitled to do so, vote at the general meeting or, with the written consent of the holders of at least 75% of the ordinary Shares on issue.

There is no liability on a holder of Shares to contribute any further amount to the Company on any fully paid ordinary Shares held by the Shareholder.

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 offices of DibbsBarker Lawyers, Level 8, Angel Place, 123 Pitt Street, Sydney on Monday, 28 November 2016 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 Resolutions: 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 Resolutions 3 and 7 (except where I / we have indicated a different voting intention below) even though Resolutions 3 and 7 are 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 Resolutions 3 and 7 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 _____ 2016

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

	For	Against	Abstain
Resolution 1 – To Elect a Director – Mr Maurie Stang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – To Elect a Director – Dr Alex Sava	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

	For	Against	Abstain
Resolution 4 – To Approve the Issue of Shares to a Director – Mr Maurie Stang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – To Approve the Issue of Shares to a Director – Mr Bernard Stang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – To Approve the Issue of Shares to a Director – Mr Steven Kritzler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – To Approve the Issue of Options to a Director – Dr Alex Sava	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – To Adopt a New Constitution	<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 AGM (i.e. not later than 11:00am on 26 November 2016), 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.

