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## NOTICE OF ANNUAL GENERAL MEETING

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# Aeris Technologies Ltd

ABN 19 093 977 336

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Aeris Technologies Ltd (the "Company") will be held at NSW Trade and Investment Centre, Department of State and Regional Development, Level 47 MLC Centre, 19 Martin Place Sydney on Thursday, 23 November 2006 commencing at 4.30pm.

### ORDINARY BUSINESS

**1. To consider the accounts**

To consider the Reports of the Directors and Auditors, and the Financial Report for the year ended 30 June 2006.

**2. To elect a Director**

Mr B Stang retires as a Director pursuant to the Company's Constitution and, being eligible, offers himself for re-election.

**3. Adoption of Remuneration Report**

That the Company's Remuneration Report for the financial year ended 30 June 2006 be received, approved and adopted.

### SPECIAL BUSINESS

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

**4. Issue of Options to Director**

THAT pursuant to ASX Listing Rules 10.11, 10.13 and for all other purposes, the Company approves the issue of a maximum of 150,000 options to a Director Mr Huw Jones as part of Mr Jones' employment contract, 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.

**5. To transact any other business which may be brought forward in accordance with the Company's Constitution.**

Further information in relation to these resolutions is set out in the Explanatory Notes attached to this Notice.

### *Voting Exclusion Statement*

In respect of Resolution 4 the Company will disregard any votes cast on this resolution by Director Mr Huw Jones and any associate of such 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 any of them who is chairing the meeting 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.

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**NOTICE OF ANNUAL GENERAL MEETING *(continued)***

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**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.

***Postal delivery and hand delivery:***

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

***By facsimile:***

(02) 9697 0944

A member entitled to attend and vote 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.

Dated at Rosebery this 13<sup>th</sup> day of October 2006.

**BY ORDER OF THE BOARD**

Robert J Waring  
Company Secretary

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## EXPLANATORY NOTES

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These explanatory notes set out information in connection with the business to be considered at the 2006 Aeris Technologies Ltd Annual General Meeting.

### ORDINARY BUSINESS

#### Resolution 1

##### Financial Report

This item of business relates to the receipt and adoption of the Company's Financial Report for the year ended 30 June 2006.

#### Resolution 2

##### Election of Director - Mr B Stang

Mr Bernard Stang was originally appointed a Director of the Company in July 2002. Under the Company's Constitution he retires by rotation, and being eligible, wishes to stand for re-election.

The qualifications and experience of Directors are set out in the Report of the Directors in the Annual Report.

#### Resolution 3 Adoption of Remuneration Report

The Remuneration Report is required to be considered for adoption in accordance with section 250R of the Corporations Act 2001 (Cth). The Aeris Remuneration Report is contained in the Directors' 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 meeting.

### SPECIAL BUSINESS

#### Resolution 4

##### Approve the Issue of Options to Director – Mr Huw Jones

The Company proposes the grant of a maximum of 150,000 options to a Director, Mr Huw Jones as part of Mr Jones' employment contract, 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. The options will be issued pursuant to Mr Jones for no cash consideration. These options may be exercised (and shares will be issued) at a price of 62 cents. On 4 April 2006 the Company announced it had reached a trigger date under the employment contract with Huw Jones as Chief Executive Officer and Executive Director. The contract provided for the issue of 150,000 options to Mr Jones with an exercise price of \$0.62 being the weighted average price of Aeris' shares during the 20 days prior to the anniversary date of the employment contract. The options will vest in three equal instalments on 1 January 2007, 1 January 2008 and 1 January 2009. The options will expire if not exercised by 31 March 2011.

The options, when they have vested, may be exercised by Mr Jones at any time prior to the first to occur of: the expiry of the exercise period; the expiry of 90 days after Mr Jones ceases to be employed by the Company; and a determination by the Directors that Mr Jones has acted fraudulently, dishonestly or in breach of Mr Jones' obligations to the Company and that the options are to be forfeited. If Mr Jones fails, for any reason, to exercise all the options registered in his name prior to such occurrence, those options that he would have been entitled to exercise and that have not been exercised, and any right or entitlement of Mr Jones to have those options vested in Mr Jones, will lapse and be of no further force or effect.

ASX Listing Rule 10.11 excludes a related party, such as Mr Jones or his associates, from acquiring securities in Aeris except in certain circumstances. One of these circumstances is where shareholders approve the proposed issue. ASX Listing Rule 10.13 sets out the notice requirements which apply in order for shareholders to validate such an approval.

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## EXPLANATORY NOTES *(continued)*

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Shareholders are hereby advised of the following details concerning the proposed issue of options to Mr Jones for which your approval is sought. In accordance with Listing Rule 10.13 the Company advises:

1. The options are proposed to be issued to Mr Huw Jones and the date by which the Company will issue the options will be not more than one month after the date of the meeting.
2. The number of options proposed to be issued to Mr Jones is 150,000 with an exercise price of 62 cents and an expiry date of 31 March 2011. The Company will not apply for quotation of these options on ASX. The Company currently does not have a quoted class of options. Funds raised on the exercise of options will be used to increase working capital.

All of the Directors (other than Huw Jones) recommend to members that they support the resolution as they consider the grant of these options is an appropriate way to give an incentive to Mr Jones in carrying out his role as Chief Executive Officer to build the business of the Company. The Board and Remuneration Committee took external advice as to the appropriate number of options to award Mr Jones and consider that it is in the best interests of the Company to reward Mr Jones for the successful performance of the Company. The Directors (other than Huw Jones) do not have any interest in the outcome of the resolution.

Huw Jones does not make any recommendation to members on the resolution because of his personal interest in the subject matter of this resolution.

Using the Black and Scholes option valuation methodology and a valuation date of 6 October 2006, when the share price was \$0.50, the options have a value of approximately \$0.23 each. Accordingly the total value of options proposed to be granted to Mr Jones is \$34,500. The assumptions used in the calculation are the risk free rate of 5.79%, based on the Australian Government Bond Rate, an exercise price of \$0.62 compared to the share price of \$0.50 on the valuation date and a volatility of 56.4% factoring the historical share price volatility.

It is noted that Mr Jones does not have any shares in the Company and has 350,000 options in the Company. The dilutionary effect of the issue of 150,000 options to Mr Jones will be very small at 0.17% of the expanded shares and options on issue. Currently there are 87,517,564 ordinary shares on issue. At the date of this notice there are 1,666,250 options on issue with exercise prices of between \$0.47 and \$0.79, which expire on dates from September 2008 to May 2010.

In accordance with the Corporations Act and the Company's Constitution, in order for the resolution to be effective it must be passed as an ordinary resolution. This means that the resolution must be passed by Shareholders who are the registered holders of more than 50% of the Shares and who attend the meeting (either in person or by proxy) and are entitled to vote on the resolution.

# Aeris Technologies Ltd

ABN 19 093 977 336

## FORM OF PROXY

### Return Proxy Form to:

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

By Facsimile: (02) 9697 0944

I/We

\_\_\_\_\_  
(Full name in block letters)

of

\_\_\_\_\_  
(Address)

being a shareholder of Aeris Technologies Ltd hereby appoint:

Name

Address

or failing that person:

Name

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 Annual General Meeting of this Company to be held at NSW Trade and Investment Centre, Department of State and Regional Development, Level 47 MLC Centre, 19 Martin Place Sydney 2000 on Thursday 23 November 2006 commencing 4:30pm and at any adjournment thereof.

### Proxy Voting Instructions in respect of Resolution 4

If you do not wish to direct your proxy how to vote, please insert X in the box.

By marking this box, you acknowledge that, if the Chairman is your proxy, the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him 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.*

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

\_\_\_\_\_  
Signature of shareholder (companies to execute under seal if appropriate)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2006

If you desire to direct your proxy/proxies how to vote, please insert X in the appropriate box. If you do not direct your proxy/proxies they may vote as they think fit or may abstain from voting.

### BUSINESS

|   | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 - To consider the accounts               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 - To elect a Director – Bernard Stang    | <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"/> |
| Resolution 4 - To approve issue of options to H Jones | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |