

AEERIS LTD

ABN: 18 166 705 595



NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

DATE: Thursday, 22 October 2020

TIME: 10.30 am (Sydney Time)

PLACE: Mantra on Salt Beach
Gunnamatta Avenue
KINGSCLIFF NSW 2487

2020 Annual Report

A copy of Aeeris Limited's 2020 Annual Report, including the financial report, directors' report and auditors report for the year ended 30 June 2020 is available on Aeeris' website at

www.aeeris.com.au/annual-reports.html

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ABN 18 166 705 595

NOTICE OF ANNUAL GENERAL MEETING
Thursday, 22 October 2020

Notice is hereby given that the Annual General Meeting of Shareholders (**AGM**) of Aeeris Ltd (**Company** or **Aeeris**) will be held at Mantra on Salt Beach, Gunnamatta Avenue, Kingscliff NSW 2487 NSW on **Thursday, 22 October 2020** at **10.30am** Sydney time.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered at the AGM. Please ensure you read the Explanatory Statement in full.

AGENDA

1. ANNUAL REPORT

To receive and consider the Annual Financial Report of the Company and its controlled entities for the year ended 30 June 2020 which includes the Financial Report, the Directors' and Auditor's Reports.

2. RESOLUTION 1 – REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a non-binding **ordinary resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2020 be adopted."

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

Voting Exclusion Statement: In accordance with Section 250R of the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of either of the following persons:

- (a) A member of the Key Management Personnel details of whose remuneration are included in the remuneration report;
- (b) A closely related party of such a member. A closely related party includes close family members and companies the Key Management Personnel controls.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, either in accordance with a direction on the Proxy Form to vote as the proxy decides or pursuant to the express authorisation detailed on the Proxy Voting Form.

3. RESOLUTION 2 - ELECTION OF BRYCE REYNOLDS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr. Bryce Reynolds, who retires in accordance with the Company's Constitution, being eligible, be re-elected as a director of the Company."

4. RESOLUTION 3 - APPROVAL FOR ADDITIONAL SHARE PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve giving the Company an additional ten percent (10%) capacity to issue equity securities in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by:

- any person who is expected to participate in the issue of equity securities under this resolution and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary Shares, if the resolution is passed; and
- any associates of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form;
- it is cast by the person 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; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

NOTES

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7pm (Sydney time) on 20 October 2020.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Note however that all Listing Rule resolutions will be decided by way of a poll (i.e. not on a show of hands).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Proxy Voting by the Chairman

The Chairman of the meeting may vote an undirected proxy (i.e. a proxy that does not specify how it is to be voted), provided the Shareholder who has lodged the proxy has given express voting direction to the Chairman to exercise the undirected proxy. If you complete a proxy form that authorises the Chair of the meeting to vote on your behalf as proxy, and you do not mark any of the boxes as to give the Chair directions on how your vote should be cast, then you will have been taken to have expressly authorised the Chairman to exercise your proxy on resolutions 1 to 3 inclusive. In accordance with this express authority provided by you, the Chairman will vote in favour of resolutions 1 to 3 inclusive. If you wish to appoint the Chairman of the meeting as your proxy, and you wish to direct them on how to vote, please tick the appropriate boxes on the form.

Questions and Comments from Shareholders

In accordance with the Corporations Act, reasonable opportunity will be given to Shareholders to ask about or make comments on the financial statements for the year ended 30 June 2020 and the management of the Company at the AGM.

Similarly, Shareholders will be given a reasonable opportunity to ask the Company's external auditors, MNSA Pty Ltd, questions relevant to the accounting policies adopted by the Company in relation to the financial report, the conduct of the audit, the independence of the auditor in relation to the conduct of the audit and the preparation and content of the Auditor's Report.

Shareholders may also submit written questions to the Company or the auditor in advance of the AGM by email to the Company Secretary:

- By email to elissa.hansen@cosecservices.com.au; or
- By mail to PO Box H329, Australia Square NSW 1215.

No later than five (5) days before the AGM.

Dated: 21 September 2020

By order of the Board

**Elissa Hansen
Company Secretary**

AEERIS LTD

ABN 18 166 705 595

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. ANNUAL REPORT

The first agenda item is to receive the Annual Report of the Company for the year ended 30 June 2020.

Section 317 of the *Corporations Act 2001 (Cth)* requires the directors to lay before the Annual General Meeting the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report for the last financial year that ended 30 June 2020.

The Annual Report is available on the Company's website and a printed copy has been sent to those shareholders who requested it.

In accordance with sections 250S and 250SA of the Corporations Act, Shareholders present at the Annual General Meeting will be provided with a reasonable opportunity to:

- (a) ask questions or make comment to the Directors present on the management of the Company and Remuneration Report; and
- (b) ask questions or make comment to the Auditor about the conduct of the audit and the preparation and content of the Auditor's Report.

No formal resolution to adopt the Annual Report will be put to the Shareholders at the Annual General Meeting.

Shareholders who are unable to attend the Annual General Meeting are able to submit written questions to the Chairman about:

- (a) The preparation and the content of the 2020 Auditor's Report;
- (b) The conduct of the 2020 audit;
- (c) Accounting policies adopted by the Company in relation to the preparation of the 2020 financial statements; and
- (d) The independence of the Auditor in relation to the conduct of the 2020 audit.

The questions will need to be submitted no later than five (5) business days before the Annual General Meeting to the Company Secretary at the Company's Registered Office.

2. RESOLUTION 1 – REMUNERATION REPORT

In accordance with Section 250R(2) of the Corporations Act, at a listed company's Annual General Meeting, a resolution that the Company's Remuneration Report be adopted must be put to the vote. Section 250R(3) of the Corporations Act provides that the vote on the resolution is advisory only and does not bind the Directors or the Company.

In accordance with Section 300A, the Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel. The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report for the financial year ending 30 June 2020 available at www.aeeris.com.au/annual-reports.html. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Voting Consequences

Under the Corporations Act, companies are required to put to shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (“Spill Resolution”) if, at consecutive Annual General Meetings, at least 25% of the votes cast on the Remuneration Report are voted against the adoption of the Remuneration Report and at the first of those Annual General Meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those Annual General Meetings.

If more than 50% of votes are cast in favour of a Spill Resolution, the Company must convene a shareholder meeting (“Spill Meeting”) within 90 days of the second Annual General Meeting. At that meeting, all directors who were in office at the time of the Directors’ Report, other than the managing director, will cease to hold office immediately before the Spill Meeting. Those persons who are elected or re-elected at the Spill Meeting will be the directors of the company. Note those directors who ceased to hold office immediately prior to the Spill Meeting may stand for re-election.

Adoption of the 2019 Remuneration Report was passed unanimously on a show of hands at the last Annual General Meeting. Accordingly, a Spill Resolution is not relevant to this Annual General Meeting.

Shareholders of the Company will be provided with the opportunity to ask questions about or make comments on the Remuneration Report.

3. RESOLUTION 2 - ELECTION OF BRYCE REYNOLDS

In accordance with ASX Listing Rule 14.5; a public listed company must hold an election of directors at each annual general meeting.

Clause 61. of the Company’s Constitution states that no Director, other than the Managing Director, may hold office for a continuous period beyond the later to occur of the following:

- (a) the third anniversary of the date of the Director's appointment; or
- (b) the date of the third annual general meeting following the Director's appointment or election,

without submitting for re-election.

If no Director is required to submit for re-election but the ASX Listing Rules require an election of Directors to be held, the Director to retire will be the Director who has been longest in office since their last election and, as between persons who became Directors on the same day, the one to retire will (unless they otherwise agree among themselves) be determined by lot. A retiring Director remains in office until the end of the meeting at which the Director retires or vacates office, and will be eligible for re-election at the meeting.

Mr. Bryce Reynolds was last re-elected as a director at the 2018 AGM, having initially been appointed as a director on 18 July 2014. Bryce will retire at the conclusion of this meeting and, being eligible, offers himself for re-election.

Bryce has been involved in the finance industry since 1986. His experience includes funds management, proprietary trading, stockbroking and investment banking. He has detailed experience in advisory, mergers and acquisitions and equity capital markets.

In 2006, Bryce established Veritas Securities Limited as a founding director after working for a large investment bank and two mid tiered Australian securities firms. Since then he has further added to his skill base by being an active company director for numerous private ventures in the funds management and IT/digital fields.

4. RESOLUTION 3 - APPROVAL FOR ADDITIONAL SHARE PLACEMENT CAPACITY

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its Annual General Meeting to allow it to issue Equity Securities up to 10% of its issued capital (**Additional Placement Capacity**). For the purposes of ASX Listing Rule 7.1A an 'eligible entity' is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. Aeeris Ltd is an 'eligible entity'. The Additional Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1 and, as such, if the Additional Placement Capacity is approved, the Directors will be allowed to issue equity securities of up to 25% of the Company's issued share capital without prior approval from shareholders.

The Company seeks Shareholder approval by way of a special resolution to have the ability to issue equity securities under the Additional Placement Capacity, should the need arise. The Company previously sought and obtained shareholder approval under Listing Rule 7.1A. at the 2019 AGM. Approval was sought to allow the Company flexibility to issue additional capital should a suitable opportunity arise. It did not however, utilise the additional capacity and did not issue any additional securities during the 12 month period prior to this meeting.

As a **special resolution** at least 75% of votes cast by Shareholders eligible to vote at the meeting must be in favour of the resolution for it to be passed.

Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, Aeeris will be able to issue an additional 10% of shares without Shareholder approval under its placement capacity under Listing Rule 7.1A.

If Resolution 6 is not passed, the Company will only have 25% of placement capacity available to it, decreasing the number of equity securities the Company can issue without Shareholder approval over the next 12 month period.

ASX Listing Rule 7.3A Requirements

Pursuant to ASX Listing Rule 7.3A.2, the issue price for each security issued under the Additional Placement Capacity will not be less than 75% of the volume weighted average price for securities in that class over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 10 trading days of the date above, the date on which the securities are issued.

The issue of equity securities under the Additional Placement Capacity may result in voting dilution of existing ordinary shareholders (as shown in the table below). There is also the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

Table 1 following shows the dilution of existing Shareholders calculate in accordance with the formula outlined in ASX Listing Rule 7.3A.2 on the basis of the current market price of Shares and the current number of ordinary securities quoted on ASX for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or

future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% against the current market price.

Table 1

Variable "A" Number of Shares on Issue	Dilution			
	Issue Price (per Share)	0.049 50% decrease in Issue Price	0.098 Issue Price	0.196 50% Increase in Issue Price
59,973,858 (Current number of Shares on Issue)	10% Voting Dilution	5,997,386 Shares	5,997,386 Shares	5,997,386 Shares
	Funds Raised	\$293,872	\$587,744	\$1,175,488
89,960,787 (50% increase in Shares on Issue)	10% Voting Dilution	8,996,079 Shares	8,996,079 Shares	8,996,079 Shares
	Funds Raised	\$440,808	\$881,616	\$1,763,231
119,947,716 (100% increase in Shares on Issue)	10% Voting Dilution	11,994,772 Shares	11,994,772 Shares	11,994,772 Shares
	Funds Raised	\$587,744	\$1,175,488	\$2,350,975

The above table is based on the following assumptions:

- The number of shares on issue (variable "A") is calculated as 59,973,858 being all fully paid ordinary shares quoted on ASX as at the date of this Notice.
- The Company issues the maximum number of equity securities available under the Additional Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table shows only the issue of equity securities under the Additional Placement Capacity and not under Listing Rule 7.1.
- The issue of equity securities under the Additional Placement Capacity includes only Shares.
- The issue price of \$0.98 was the closing price of shares on ASX on 31 August 2020.

Equity securities under the Additional Placement Capacity may be issued until the earlier of:

- the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained;
- the time and date of the Company's next Annual General meeting;
- the time and date of approval by ordinary shareholders of a significant change to the Company's activities under ASX Listing Rule 11.1.2 or the date of approval by ordinary shareholders of a disposal of a major asset under ASX Listing Rule 11.2.

To be clear, any approval of the Additional Placement Capacity at this Annual General Meeting will cease to be valid in the event that ordinary shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

The Company may issue equity securities under the Additional Placement Capacity for cash consideration, specifically, to raise funds for the exploration and development of the Company's existing assets, the acquisition of new assets or investments (including assets associated with such acquisition), to repay debt or to fund working capital.

The Company will comply with the disclosure obligations under Listing Rule 7.1A.4 upon issue of any equity securities under the Additional Placement Capacity.

The Company's allocation policy for issues under the Additional Placement Capacity is dependent on prevailing market conditions at the time of any proposed issue. The identity of the allottees of the equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the purpose of the issue;
- the methods of raising funds that are available to the Company, including rights issues or other issues in which existing shareholders may participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company;
- prevailing market conditions; and
- advice from the Company's advisors.

As the Company has no current plans to undertake a new capital raising, the allottees under the Additional Placement Capacity have not yet been determined but if such an exercise was undertaken, allottees may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

The Company obtained shareholder approval under LR 7.1A at the previous AGM however it did not utilise its placement capacity under this rule. In the 12 months preceding the date of the meeting, the Company has not issued any additional securities.

A voting exclusion statement has been included in this Notice. However, as at the date of this Notice, the Company has not approached any particular existing Shareholders to participate in the issue of equity securities under the Additional Placement Capacity. No existing Shareholders' votes will therefore be excluded under the voting exclusion in the Notice.

When the Company issues equity securities pursuant to the Additional Placement Capacity, in accordance with Listing Rule 7.1A.4, it will:

- state in its Appendix 3B announcing the proposed issue of the securities under Listing Rule 3.10.3, or in its Appendix 2A applying for quotation of the securities under Listing Rule 2.7, that the securities are being issued under Listing Rule 7.1A; and
- give to ASX a list of the allottees of the equity securities and the number of equity securities allotted to each (not for release to the market).

GLOSSARY

Annual General Meeting or AGM or Meeting means the meeting convened by the Notice.

Annual Report means the Annual Report of Aeeris Ltd for the period ended 30 June 2020.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or Aeeris means Aeeris Ltd (ABN 18 166 705 595).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel or KMP has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or Notice of Meeting means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report for the year ended 30 June 2020 as set out in the Annual Report.

Resolution means a resolution set out in the Notice or meeting.

Share means one fully paid ordinary share in the Company

Shareholder means a registered holder of at least one Share.