



21 December 2007

Companies Announcement Office
Australian Securities Exchange

ISSUE OF OPTIONS

Attached is an Appendix 3B for the following issues of options:

1. The Issue of 1,500,000 options to Aeris Executive Director Huw D Jones as approved by shareholders at the Company's Annual General Meeting (AGM) held on 22 November 2007. These options have been issued as part of Mr Jones' employment contract and under the Company's Employee Share Option Plan (ESOP) for no cash consideration. The options may be exercised (and shares will be issued) at a price of \$0.65 in the case of 500,000 options, at a price of \$0.75 in the case of 500,000 options, and at a price of \$1.00 in the case of the balance of 500,000 options. The options will vest in three equal installments on 22 November 2008, 22 November 2009 and 22 November 2010. The options will expire if not exercised by 22 November 2012 and are more fully described in the Notice of AGM.
2. The issue of 540,563 options to eligible participants under the Aeris ESOP. These options have been issued for no cash consideration, have an exercise price of 57 cents and expire on 7 May 2012. The options will vest in three equal installments on 7 May 2008, 7 May 2009 and 7 May 2010.

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 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Aeris Environmental Ltd

ABN

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 | Options under the Aeris ESOP |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 1,500,000 options
2. 540,563 options |
| 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) | 1. Three exercise prices of \$0.65, \$0.75 and \$1 (each for 500,000 options) and expiry date is 22 November 2012
2. Exercise price of options is 57 cents and expiry date is 7 May 2012 |

- 4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- 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

There are no quoted options.

Options can participate in any future dividends if exercised into fully paid ordinary shares.

- 5 Issue price or consideration

Options issued under ESOP.

- 6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

Set out in attached announcement.

- 7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates

24 December 2007

- 8 Number and ⁺class of all ⁺securities quoted on ASX (*including* the securities in clause 2 if applicable)

Number	⁺ Class
96,757,564	Fully Paid Ordinary Shares

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

Number	⁺ Class
535,000	Options – ESOP expire 19 January 2010 with an exercise price of 79 cents
641,250	Options – ESOP expire 19 January 2010 with an exercise price of 68 cents
30,000	Options – Expire 30 September 2008 with an exercise price of 54 cents
30,000	Options – Expire 30 September 2008 with an exercise price of 62 cents
30,000	Options – Expire 30 September 2008 with an exercise price of 77 cents
30,000	Options – Expire 30 September 2008 with an exercise price of 62 cents
30,000	Options – Expire 30 September 2009 with an exercise price of 60 cents
30,000	Options – Expire 30 September 2009 with an exercise price of 63 cents
30,000	Options – Expire 30 September 2009 with an exercise price of 54 cents
60,000	Options – Expire 31 December 2008 with an exercise price of 68 cents
250,000	Options – Expire 6 May 2010 with an exercise price of 47 cents
150,000	Options – Expire 31 March 2011 with an exercise price of 62 cents
3,080,000	Options – Expire 21 December 2010 with an exercise price of 30 cents
1,500,000	Options – Expire 21 November 2012 with an exercise price of 65 cents, 75 cents and \$1 (3 x 500,000)
540,563	Options – Expire 7 May 2012 with an exercise price of 57 cents

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

Options can participate in dividend if exercised into fully paid Ordinary Shares.

Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval to required?
33

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)

- 38 Number of securities for which to ⁺quotation is sought
42

Questions 38 to 42 are not applicable

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.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided 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 not available now, 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:

R J Waring

Date:

21 December 2007

(Director/Company Secretary)

Print name:

R J Waring