
ALEXIUM INTERNATIONAL GROUP LIMITED

ACN 064 820 408

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 3.00pm (Sydney time)
DATE: 15 November 2017
PLACE: Grant Thornton
Level 17
383 Kent Street
Sydney, New South Wales 2000

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

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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 5.00pm (Sydney time) on 13 November 2017.

LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to invite you to the 2017 Annual General Meeting of Alexium International Group Limited to be held on Wednesday, 15 November 2017 at 3.00pm (Sydney time) at the offices of Grant Thornton, Level 17, 383 Kent Street, Sydney, New South Wales.

A detailed summary of the activities of the Company over the last 12 months is contained in the Annual Report which would have been made available to you, but is otherwise available here (<http://alexiuminternational.com/invest-in-alexium>).

At the 2016 Annual General Meeting, concerns were raised by some Shareholders in relation to the Company's remuneration arrangements, enough to see the Company receive a 'first strike' against its remuneration report by a small margin of votes cast. The Company takes those concerns seriously, and has undertaken steps to seek to address those concerns raised by those Shareholders.

The Explanatory Notice to the Meeting Resolutions contains more detailed information concerning changes made to remuneration, eligibility for incentives, as well as reductions in Board fees and the move of my role as Chairman back to a Non-executive role from July 1 2017. In addition, the Executive Directors of the Company during the 2017 Financial Year have elected to forego their short-term incentive bonus approved by Shareholders at the 2016 Annual General Meeting. The Board believes it is open and transparent in relation to these matters and has responded to shareholder and proxy advisor concerns. Your Board will continue to listen to all stakeholders in framing an effective and fair remuneration policy to attract experienced Directors and Executives for your Company and where the interests of shareholders and employees are seen as fully aligned.

I look forward to welcoming you to the 2017 Annual General Meeting.

Yours sincerely



Gavin Rezos
Non-Executive Chair

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company. A voting prohibition applies to this Resolution (see below).

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – BRIGADIER GENERAL STEPHEN CHENEY

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

"That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Brigadier General Stephen Cheney, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – CONGRESSWOMAN KAREN THURMAN

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

"That, for the purpose of clause 13.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Congresswoman Karen Thurman, a Director who was appointed as an additional Director on 2 March 2017, retires, and being eligible, is elected as a Director."

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

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

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may 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 of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will 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, or, 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.

CONTINGENT BUSINESS

Resolution 5 is conditional upon the outcome of Resolution 1. If less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, Resolution 5 will not be required to be put to the meeting.

6. RESOLUTION 5 – CONDITIONAL SPILL RESOLUTION

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

"That, for the purposes of section 250V(1) of the Corporations Act and for all other purposes, approval is given for:

- (a) the Company to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**); and*
- (b) all Directors in office when the resolution to approve the Director's Report for the financial year ended 30 June 2017 was passed and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated pursuant to (b) to be put to vote at the Spill Meeting."*

VOTING PROHIBITION STATEMENT FOR RESOLUTIONS 1 AND 5

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
 - (b) a Closely Related Party of such a member.
However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:
 - (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
 - (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
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Dated: 13 October 2017

By order of the Board



**Kevin Kye
Company Secretary**

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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9278 2538.

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. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.alexiuminternational.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year. The Company's 2017 Remuneration Report can be found at pages 11 to 24 of the Company's 2017 Annual Report.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its 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 a remuneration report resolution are voted against 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 cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's 2016 annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were more than 25%. Accordingly, the Spill Resolution will be relevant for this Annual General Meeting if at least 25% of the votes cast on the Remuneration Report resolution are voted against adoption of the Remuneration Report under Resolution 1. Refer to Resolution 5 and Section 6 for further information.

2.4 Remuneration changes since 2016 Annual Report

Since the 2016 annual general meeting, the Company has consulted with proxy advisors and both institutional and retail shareholders in order to better understand the concerns that lead to the Company's first ever strike. For the 2016 remuneration policy, the Remuneration Committee and Board had worked with independent remuneration consultants, AON Hewitt in setting executive salaries as well as short term (**STI**) and long term (**LTI**) share incentive plans. Our consultations showed that the institutional shareholders and proxy advisors concern was, in the main, the previous 2015 policy of allowing non-executive Directors to be eligible for option awards which went against larger company corporate governance rules but was common for smaller companies who paid lower director fees to be able to attract experienced director candidates.

That policy of issuing options to non-executive directors has been changed and non-executive directors are not eligible for any such incentives. There were also concerns raised that the Chair role followed the US Board style of the Chairman or President being an Executive Director notwithstanding that the Company has its operations in the US. The Board has addressed these concerns and the role of the Chairman became a non-executive role from 1 July 2017.

Some Shareholders had voiced concerns about the rate of increase of executive salaries and benefits from FY 2015 to FY 2016 notwithstanding those new salaries had been set to the new recommended levels from a previous low base, as bench marked to market by independent consultants. Following the move on 1 July 2017 of the Chair to a non-executive role and of the former Executive Director and CEO to a new role in Strategy, those salaries were significantly reduced and in the case of the Chair, eligibility for incentive awards was removed. In addition, the Director fees were also reduced to reflect the lower benchmark fees paid for companies just outside the ASX300.

Finally, there were concerns raised by some other Shareholders as to the size of potential awards to executive directors under the STI and LTI, notwithstanding significant hurdles were required to be met. These concerns have been addressed in setting the revised share incentive plans for executives. Further, for the financial year 2017, the hurdles set by the Board for the LTI were not met and for the STI, only partly met but any award was waived by the executive directors and no awards were made.

The Directors take shareholder views on remuneration seriously and believe that all concerns raised have been addressed.

The Board recommends that shareholders vote in favour of this Resolution.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – BRIGADIER GENERAL STEPHEN CHENEY

3.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Brigadier General Cheney, who has served as a director since 15 April 2015 and was last re-elected as a Director on 18 August 2015, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Brigadier General Cheney, who was awarded the Central Intelligence Agency Seal Medal in 2004, is the former Inspector General of the Marine Corps, Deputy Inspector General of the US Navy and Commanding General of Parris Island Marine Base. He is also the former Deputy Executive Secretary to the former US Defence Secretary Dick Cheney under President George H.W. Bush and to former US Defence Secretary Les Aspin under President Bill Clinton. He was appointed by former Secretary of State John Kerry to the US Foreign Policy Board in 2014 and is the CEO of Washington-based American Security Project. Brigadier General Cheney has not served as a director of any other ASX listed company.

3.3 Independence

If elected the board considers Brigadier General Cheney will be an independent director.

3.4 Board recommendation

The Board supports the re-election of Brigadier General Cheney and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – CONGRESSWOMAN KAREN THURMAN

4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Congresswoman Karen Thurman, having been appointed by other Directors on 2 March 2017 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

4.2 Qualifications and other material directorships

Congresswoman Thurman was first elected to the United States Congress in 1993 and served five consecutive terms (10 years) representing Florida's 5th Congressional District. She was only the 6th woman in more than 200 years to be assigned to the House Ways and Means Committee, from which she became known for her tireless efforts to protect the health and well-being of the public. While establishing herself as a national leader on US Health Policy within the halls of Congress, she also maintained an expertise in security issues as the Ranking Member of the National Security, International Affairs, and Criminal Justice Subcommittee of the US Government Reform Committee. Today, the Congresswoman continues to be an advocate for her clients in Washington, DC with her firm, TG&C Group, LLC. Congresswoman Thurman has not been a director of any other ASX listing company.

4.3 Independence

Congresswoman Thurman has no interests, position, association or relationship that 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 interest of the entity and its security holders generally.

If elected the board considers that Congresswoman Thurman will be an independent director.

4.4 Board recommendation

The Board supports the re-election of Congresswoman Thurman and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

The Board notes that there is no present intention to raise equity capital and this Resolution 4 is put to Shareholders as part of annual renewals of Board authorities from Shareholders permitted under the ASX Listing Rules.

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$119,438,669 (based on the number of Shares on issue and the closing price of Shares on the ASX on 5 October 2017).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: AJX).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

5.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section (i) above, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 5 October 2017.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.20 50% decrease in Issue Price	\$0.40 Issue Price	\$0.80 50% increase in Issue Price
306,252,998 (Current Variable A)	Shares issued - 10% voting dilution	30,625,299 Shares	30,625,299 Shares	30,625,299 Shares
	Funds raised	\$6,125,059	\$12,250,119	\$24,500,239
459,379,497 (50% increase in Variable A)	Shares issued - 10% voting dilution	45,937,949 Shares	45,937,949 Shares	45,937,949 Shares
	Funds raised	\$9,187,589	\$18,375,179	\$36,750,359
612,505,996 (100% increase in Variable A)	Shares issued - 10% voting dilution	61,250,599 Shares	61,250,599 Shares	61,250,599 Shares
	Funds raised	\$12,250,119	\$24,500,239	\$49,000,479

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 306,252,998 Shares on issue in the Company.
2. The issue price set out above is the closing price of the Shares on the ASX on 4 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.

5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for working capital and acquisition of materials or new asset opportunities consistent with the Company's existing business operations; or
- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **No Previous approval under ASX Listing Rule 7.1A**

The Company did not seek approval pursuant to Listing Rule 7.1A as it was ineligible.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

5.4 Board recommendation

The Board recommends that Shareholders vote **in favour** of Resolution 4.

6. RESOLUTION 5 – CONDITIONAL SPILL RESOLUTION

This resolution is a ‘conditional’ resolution. If it is put to the Annual General Meeting and passed, it will only become effective if 25% or more of the votes cast on Resolution 1 are against that Resolution.

6.1 General

The Corporations Act requirements for this Resolution to be put to Shareholders are set out in Section 2.2 above.

The effect of this Resolution 5 being passed is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**) and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. The business of the Spill Meeting will be to

put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

In the event a Spill Meeting is required a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

The Board recommends that Shareholders vote **against** this Resolution 5 if it is put to the Meeting.

6.2 Vacating Directors

If a Spill Meeting is held, the Directors who must step down and be up for re-election (**Vacating Directors**) will be those Directors who were Directors when the resolution to make the Directors' Report considered at the Annual General Meeting was passed (being 30 June 2017).

6.3 Shareholder considerations

If Resolution 5 is required to be considered at the Meeting, the Board believes that the following matters should be considered by all Shareholders:

- (a) the Board has consulted with Shareholders and advisors and has taken action to address concerns raised regarding the 2016 Remuneration Report;
- (b) the 2017 Annual Report discloses that hurdle rates set for the executive directors STI and LTI for the 2017 Financial Year were not met, in the case of the LTIs, and were only partially met for the STIs which reflects the high hurdles actually set by the Board. Further, Executives entitled to STI bonuses in 2017 have elected to waive those bonuses, so no awards have been made under previously approved STIs for 2017;
- (c) the policy in relation to non-executive directors has been changed such that they are no longer eligible to receive Options or other incentive awards, and no such award has been made to any non-executive directors since 2015; and
- (d) there will be cost and disruption involved to the Company and its operations in convening the Spill Meeting.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 5.1.

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

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.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

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

- (e) a spouse or child of the member;
- (f) a child of the member's spouse;
- (g) a dependent of the member or the member's spouse;
- (h) 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;
- (i) a company the member controls; or
- (j) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Alexium International Group Limited (ACN 064 820 408).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel 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.

Managing Director means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

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

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

WST means Western Standard Time as observed in Perth, Western Australia.



Alexium International Group Limited
ACN 064 820 408

AGM Registration Card

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Vote by Proxy: AJX

Your proxy voting instruction must be received by **3.00pm (Sydney time) on Monday, 13 November 2017**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal:

<https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided. **By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

CONTACT

Return your completed form:



BY MAIL

Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012



IN PERSON

Automic Registry Services
Level 3, 50 Holt Street,
Surry Hills NSW 2010

Contact us – All enquiries to Automic:



WEBCHAT

<https://automic.com.au/>



EMAIL

hello@automic.com.au



PHONE

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1: Please appoint a Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Alexium International Group Limited, to be held at **3.00pm (Sydney time) on 15 November 2017 at Grant Thornton, Level 17, 383 Kent Street, Sydney New South Wales** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 5 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2: Your Voting Direction

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote with the exception of Item 5 where the Chairman of the Meeting Intends to vote against, as set out below beside each resolution

Resolutions	For	Against	Abstain
FOR 1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FOR 2. Re-election of Director – Brigadier General Stephen Cheney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FOR 3. Election of Director – Congresswoman Karen Thurman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FOR 4. Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CONTINGENT BUSINESS (contingent on the outcome of Resolution 1 – Please refer to the Explanatory Statement)

PLEASE NOTE: Resolution 5 will only be considered at the Meeting if the condition described in the Notice of Annual General Meeting is satisfied

AGAINST 5. Contingent Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3: Sign

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date ____/____/____

Email Address

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).

[BARCODE]
[HolderNumber]