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**ALEXIUM INTERNATIONAL GROUP LIMITED**  
**ACN 064 820 408**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 11:00 am (Sydney time)

**DATE:** 29 October 2019

**PLACE:** Grant Thornton  
Level 17  
383 Kent Street  
SYDNEY NSW 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 7:00 pm (Sydney time) on 27 October 2019.***

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## LETTER TO SHAREHOLDERS

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Dear Shareholders,

I am pleased to invite you to the 2019 Annual General Meeting (**AGM**) of Alexium International Group Limited to be held on 29 October 2019 at 11:00 am (Sydney time) at the offices of Grant Thornton, Level 17, 383 Kent Street, Sydney, New South Wales.

If you are not able to attend the meeting, you are encouraged to vote by:

- Completing and lodging the enclosed proxy form by 11:00 am (Sydney time) on 27 October 2019; or
- Registering your proxy electronically by visiting the following website:  
<https://investor.automic.com.au/#/loginsah>.

A detailed summary of the activities of the Company over the last 12 months is contained in the Annual Report which will be mailed to those shareholders who have elected to receive a printed copy of this document. A copy of this document will be lodged with the ASX and available on the Company's website at: <http://alexiuminternational.com/invest-in-alexium>.

Over the past 12 months, the Company has made significant progress to refocus on its high margin cornerstone initiatives that will underpin future sustainable growth. This will allow Alexium to commercialise its leading technologies in partnership with key manufacturers in target markets, resulting in increased sales and positive EBITDA.

The Board and Alexium team thank you for your support and look forward to welcoming you to the 2019 AGM.

Yours sincerely



**Ms. Rosheen Garnon**  
**Non-Executive Chair**

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 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 2019."*

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

##### **Voting Prohibition Statement**

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of a Key Management Personnel; or
  - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment 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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#### 3. RESOLUTION 2 – RE - ELECTION OF DIRECTOR – 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, General Stephen Cheney, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 4. RESOLUTION 3 – RE-APPROVAL OF EMPLOYEE INCENTIVE SHARE PLAN

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

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and all other purposes, approval is given for the Company to adopt an employee incentive share plan titled 'Alexium Incentive Share Plan' and for the issue of shares under that Plan, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors.

However, the Company need not disregard a vote if:

- 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
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of a Key Management Personnel; or
  - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment 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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## 5. RESOLUTION 4 – ADOPTION OF NEW PERFORMANCE RIGHTS PLAN

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

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and all other purposes, approval is given for the Company to adopt an employee incentive scheme titled ‘Alexium Performance Rights Plan’ and for the issue of shares under that Plan, on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors.

However, the Company need not disregard a vote if:

- 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
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of a Key Management Personnel; or
  - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment 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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**6. RESOLUTION 5 – GRANT OF SHARES TO RELATED PARTY IN LIEU OF DIRECTOR REMUNERATION – GENERAL STEPHEN CHENEY**

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

*“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and all other purposes, approval is given for the Company to issue 206,106 Shares to General Stephen Cheney (or his nominee) in satisfaction of US\$19,500 of his cash remuneration for the 12-month period 1 October 2019 to 30 September 2020, on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors or the nominee of General Stephen Cheney (**Resolution 5 Excluded Party**). 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, or, provided the Chair is not a Resolution 5 Excluded Party, 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.

**Voting Prohibition Statement:**

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of a Key Management Personnel; or
  - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment 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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**7. RESOLUTION 6 – GRANT OF SHARES TO RELATED PARTY IN LIEU OF DIRECTOR REMUNERATION – MS ROSHEEN GARNON**

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

*“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and all other purposes, approval is given for the Company to issue 317,086 Shares to Ms Rosheen Garnon (or her nominee) in satisfaction of US\$30,000 of her cash remuneration for the 12-month period 1 October 2019 to 30 September 2020, on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors or the nominee of Ms Rosheen Garnon (**Resolution 6 Excluded Party**). 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, or, provided the Chair is not a Resolution 6 Excluded Party, 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.

**Voting Prohibition Statement:**

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of a Key Management Personnel; or
  - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment 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.

## 8. **RESOLUTION 7 – GRANT OF FY2019 PERFORMANCE RIGHTS TO RELATED PARTY - DR ROBERT BROOKINS**

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

*“That, subject to the passing of Resolution 4, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 994,984 Performance Rights to Dr Robert Brookins (or his nominee) from the 12-month period 1 July 2018 to 30 June 2019 on the terms and conditions set out in the Explanatory Memorandum.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those Directors or the nominee of Dr Robert Brookins (**Resolution 7 Excluded Party**). 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, or, provided the Chair is not a Resolution 7 Excluded Party, 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.

### **Voting Prohibition Statement:**

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of a Key Management Personnel; or
  - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment 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.

## 9. **RESOLUTION 8 – GRANT OF FY2020 PERFORMANCE RIGHTS TO RELATED PARTY - DR ROBERT BROOKINS**

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

*“That, subject to the passing of Resolution 4, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,475,644 Performance Rights to Dr Robert Brookins (or his nominee) from the 12-month period 1 July 2019 to 30 June 2020 on the terms and conditions set out in the Explanatory Memorandum.*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf any Director who is eligible to participate in the employee incentive

scheme in respect of which the approval is sought, or any associates of those Directors or the nominee of Dr Robert Brookins (**Resolution 8 Excluded Party**). 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, or, provided the Chair is not a Resolution 8 Excluded Party, 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.

**Voting Prohibition Statement:**

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of a Key Management Personnel; or
  - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment 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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**10. RESOLUTION 9 – 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 Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- any person who is expected to participate in, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (Persons); or
- any associates of those Persons.

However, the Company need not disregard a vote if:

- 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
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

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**Dated: 27 SEPTEMBER 2019**

**By order of the Board**



**Maja McGuire**  
**Company Secretary**

### **Voting in person**

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

### **Voting by proxy**

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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 9384 3160.***



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## EXPLANATORY MEMORANDUM

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

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### 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 2019 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 will be available on its website at [www.alexiuminternational.com](http://www.alexiuminternational.com).

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### 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 2019 Remuneration Report can be found at pages 17 to 26 of the Company's 2019 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 previous annual general meeting, the votes cast against the remuneration report were less than 25%.

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

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## **3. RESOLUTION 2 – RE - ELECTION OF DIRECTOR – 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.

General Stephen Cheney, who has served as a director since 15 April 2015 and was last re-elected as a Director on 15 November 2017, retires by rotation and seeks re-election.

### **3.2 Qualifications and other material directorships**

General Stephen Cheney has been an independent Non-Executive Director of the Company since 15 April 2015. He was appointed Deputy Non-Executive Chair of the Board of Directors on 11 April 2018. General Cheney is chair of the Risk Committee, and a member of the Remuneration Committee and Audit Committee.

General Cheney is the former Inspector General of the Marine Corps and Commanding General of Parris Island Marine Base. He is also the former Deputy Executive Secretary to US Defense Secretary Dick Cheney under President George H.W. Bush. General Cheney sat on Secretary of State John Kerry's Foreign Affairs Policy Board and is CEO of the Washington D.C. based policy group, American Security Project.

General Cheney is based in Washington DC, USA.

### **3.3 Independence**

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

### **3.4 Board recommendation**

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

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## **4. RESOLUTION 3 – RE-APPROVAL OF EMPLOYEE INCENTIVE SHARE PLAN**

Resolution 3 seeks Shareholder re-approval of the Alexium Employee Incentive Share Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

Shareholders initially approved the Plan at the 2016 Annual General Meeting. The Plan remains consistent with contemporary plans and as such, the Company is seeking re-approval of the exiting Plan, on the same terms and conditions.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

In the past three years, the Company has issued 185,000 Shares under the Incentive Share Plan.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Shares under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a non-recourse, interest free loan to be used for the purposes of subscribing for the Shares based on a price that will be not less than the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the date of acceptance of the offer.

Any future issues of Shares under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

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## **5. RESOLUTION 4 – APPROVAL OF NEW PERFORMANCE RIGHTS PLAN**

At the 2016 Annual General Meeting, Shareholders re-approved the Company's existing performance rights plan (which was originally adopted by Shareholders in 2013).

The new Performance Rights Plan (Performance Rights Plan) amends the Company's previous plan to take into account new ASIC Class Order (CO 14/1000) which:

- (a) expands the classes of financial products offered (e.g. incentive rights that are derivatives);

- (b) expands the categories of people participating (e.g. contractors and casual employees);
- (c) provides greater flexibility in the way schemes can be structured to better reflect market practices (e.g. changing requirements for trusts, contribution and loan arrangements); and
- (d) reduces the procedural and administrative burdens (e.g. providing copies of employee incentive scheme documents to ASIC).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to issue Performance Rights under the Performance Rights Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

Under the previous Performance Rights Plan, the Company issued 2,691,350 performance rights over the past three years, of which 1,887,065 were converted into Shares upon the achievement of the relevant performance milestone and 546,602 were cancelled when the holders ceased to be engaged by the Company.

The objective of the Performance Rights Plan is to attract, motivate and retain key employees in particular by providing longer term incentives than may be able to be offered under the Employee Share Plan.

Any future issues of Performance Rights under the Performance Rights Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 5, 6 and 7 for the issue of Performance Rights to certain Directors pursuant to the Performance Rights Plan.

A summary of the key terms and conditions of the Performance Rights Plan is set out in Schedule 2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

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## **6. RESOLUTIONS 5 & 6 – GRANT OF SHARES TO RELATED PARTIES IN LIEU OF DIRECTOR REMUNERATION**

### **6.1 Introduction**

The Company proposes to grant Shares to the Directors of the Company (**Share Issue**).

The purpose of this grant of Shares is to better align the interests of the Directors of the Company (each of which are non-executive Directors) with the interests of Shareholders by providing an opportunity for the Directors to acquire shareholdings in the Company, noting that this issue is in lieu of Directors' fees that would otherwise be paid to these Directors.

Subject to Shareholder approval, the Directors of the Company are proposing to provide an option for Directors to salary sacrifice their non-executive cash remuneration (or part of) and elect to be paid an equivalent number of Shares.

The proposed arrangements are as follows:

- (a) General Stephen Cheney's non-executive cash remuneration is US\$72,500 per annum of which he has agreed to accept up to US\$19,500 of remuneration to be paid by the grant of Shares; and
- (b) Ms Rosheen Garnon's non-executive cash remuneration is US\$105,000 per annum of which she has agreed to accept up to US\$30,000 of remuneration to be paid by the grant of Shares.

It is proposed that the Shares will be issued under the Employee Incentive Share Plan the subject of Resolution 3.

To the extent that Shareholders do not approve the Share Issue, the Directors' respective Share component of remuneration will be paid in cash.

It is proposed that the Shares will be issued in two equal tranches on 31 March 2020 and 30 September 2020 subject to the Director remaining a Director at that time.

## **6.2 Requirement for Shareholders' approval - ASX Listing Rule 10.14**

While the Board can make offers to issue the Shares under the Employee Incentive Share Plan; allotment is not able to proceed until after Shareholder approval is obtained under ASX Listing Rule 10.14.

ASX Listing Rule 10.14 provides that an entity must not permit a director of that entity to acquire securities under an employee incentive scheme without the approval of the members in a general meeting, where the applicable notice of meeting complies with requirements under ASX Listing Rule 10.15.

## **6.3 Information required by ASX Listing Rule 10.15**

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders to enable them to assess the merits of Resolutions 5 and 6:

- (a) The Shares may be granted in accordance with the Employee Incentive Share Plan to Stephen Cheney and Rosheen Garnon or their nominees (**Participating Directors**).
- (b) The Share component of Directors' remuneration for the 12-month period 1 October 2019 to 30 September 2020 will be as follows:
  - (i) US\$19,500 to General Stephen Cheney; and
  - (ii) US\$30,000 to Ms Rosheen Garnon.

- (c) The maximum number of Shares which may be granted to the Participating Directors is determined by Directors' remuneration that the Company has agreed to pay by grant of Shares to the Participating Directors for the 12-month period 1 October 2019 to 30 September 2020, being US\$49,500:
  - (i) multiplied by 1.4522 being the AUD/USD exchange rate published by the Reserve Bank of Australia (as at 13-Sep-2019); and
  - (ii) then divided by the 14-day VWAP of the Company's Shares of \$.1374 to 13-Sep-2019.
- (d) Based on the formula above, the number of Shares to be issued to the Participating Directors is as follows:
  - (i) 206,106 to General Stephen Cheney; and
  - (ii) 317,086 to Ms Rosheen Garnon.
- (e) The Shares will be granted for nil cash consideration in satisfaction of the AUD equivalent Share component of Directors' remuneration (set out in (b) above).
- (f) The Shares will be issued in equal proportions for each Director on 31 March 2020 and 30 September 2020 subject to the holder remaining a Director at that time.
- (g) The Company proposes to grant the Shares in accordance with the terms and conditions of the Employee Incentive Share Plan the subject of Resolution 3.
- (h) Since the Employee Incentive Share Plan was last approved, none of the existing Directors have received Shares under the Employee Incentive Share Plan.
- (i) The Board may from time to time at its absolute discretion, declare that any full time or part time employee or Director of the Company or a subsidiary of the Company is eligible to be offered Shares under the Employee Incentive Share Plan. The Directors in office as at the date of preparing this Notice of Meeting are General Stephen Cheney, Ms Claire Poll, Dr Robert Brookins and Ms Rosheen Garnon.
- (j) No loan will be provided in respect of the grant of the Shares as they are being issued in consideration of Directors' remuneration which the Company has agreed to pay the Directors for a 12-month period from 1 October 2010 to 30 September 2020.

#### **6.4 Directors' recommendation**

The Directors **abstain** from making any recommendation on Resolutions 5 and 6.

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### **7. RESOLUTIONS 7 & 8 – GRANT OF PERFORMANCE RIGHTS TO RELATED PARTY - DR ROBERT BROOKINS**

#### **7.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue:

- (a) a total of 994,984 performance rights for the 12 month period period 1 July 2018 to 30 June 2019; and
- (b) a total of 1,475,644 performance rights for the 12 month period period 1 July 2019 to 30 June 2020,

pursuant to the Alexium Performance Rights Plan the subject of Resolution 4 **(Plan) (Performance Rights)**, to Dr Robert Brookins (or his nominee) on the terms and conditions set out below.

The Performance Rights represent a right to be issued one Share at a future point in time subject to satisfaction of any conditions related to vesting, performance hurdles and/or exercise.

## **7.2 Requirement for Shareholders' approval - ASX Listing Rule 10.14**

While the Board can make offers to issue the Performance Rights under the Performance Rights Plan; allotment is not able to proceed until after Shareholders' approval is obtained under ASX Listing Rule 10.14.

ASX Listing Rule 10.14 provides that an entity must not permit a director of that entity to acquire securities under an employee incentive scheme without the approval of the members in a general meeting, where the applicable notice of meeting complies with requirements under ASX Listing Rule 10.15.

Resolutions 7 & 8 seek Shareholders' approval under ASX Listing Rule 10.14 to grant the applicable Performance Rights to Dr Robert Brookins immediately after Shareholders' approval.

## **7.3 Information required by ASX Listing Rule 10.15**

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to Resolutions 7 & 8:

- (a) Dr Robert Brookins is the Company's Chief Executive Officer and Managing Director. The Performance Rights may be granted in accordance with the Performance Rights Plan to Dr Robert Brookins (or his nominee).
- (b) The maximum number of Performance Rights to be granted to Dr Robert Brookins for the period 1 July 2018 to 30 June 2019 is 994,984 and for the period 1 July 2019 to 30 June 2020 is 1,475,644.
- (c) The grant of Performance Rights to Dr Robert Brookins is based on key performance indicators for operational performance, financial performance and total shareholder return (**TSR**). TSR is calculated as follows: (current share price plus dividends)/(prior share price). The grant is earned when the TSR is between 20% and 30% with a sliding scale payout from 0% to 100%. The maximum payout cannot exceed 100%.
- (d) It is expected that the Performance Rights will be issued as soon as practicable after Shareholder approval is obtained and, in any event, no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Performance Rights will be issued on one date.

- (e) When exercised, each Performance Right converts into one fully paid ordinary share in the Company. The Performance Rights will vest in equal thirds (1/3) at the end of each fiscal year commencing 30 June 2019, and will be fully vested on 30 June 2021 for the performance period for FY 2019. FY 2020 will vest in equal thirds (1/3) at the end of each fiscal year commencing 30 June 2020 and will be fully vested on 30 June 2022. The Performance Rights will be issued for nil cash consideration and no cash consideration will be payable upon the vesting of the Performance Rights or the subsequent issue of Shares (if any).
- (f) To date, Dr Robert Brookins, an associate of Dr Robert Brookins, or a person whose relationship with Dr Robert Brookins or associate of Dr Robert Brookins is, in the ASX's opinion, such that approval should be obtained, has not received Performance Rights under the Plan.
- (g) Under the previous Performance Rights Plan, the following Directors received Performance Rights:

<b>Name</b>	<b>No. of Performance Rights</b>	<b>Amount paid</b>
Gen. Stephen Cheney	203,023	In lieu of US\$19,500 in Directors fees
Ms Rosheen Garnon	312,344	In lieu of US\$30,000 in Directors fees
Dr Robert Brookins	287,600	Nil cash consideration

- (h) The Board may from time to time at its absolute discretion, declare that any full time or part time employee or Director of the Company or a subsidiary of the Company is eligible to be offered Performance Rights under the Performance Rights Plan. The Directors in office as at the date of preparing this Notice of Meeting are General Stephen Cheney, Ms Claire Poll, Dr Robert Brookins and Ms Rosheen Garnon.
- (i) No loan will be provided in respect of the grant of the Performance Rights as they are being issued in connection with Dr Robert Brookin's remuneration which the Company has agreed for the period 1 July 2018 to 30 June 2019 and for the period 1 July 2019 to 30 June 2020.

#### **7.4 Directors' recommendation**

- (a) The primary purpose of the grant of the Performance Rights pursuant to Resolutions 7 & 8 is to provide a performance linked incentive component in the remuneration package for Dr Robert Brookins to motivate and reward his performance in his role as Chief Executive Officer and Managing Director.
- (b) Dr Robert Brookins declines to make a recommendation to Shareholders in relation to Resolutions 7 & 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Performance Rights in the Company should Resolutions 7 & 8 be passed. However, the other Directors of the Company do not have a personal



interest in the outcome of Resolutions 7 & 8 and recommend that Shareholders vote in favour of Resolution 7 for the following reasons:

- (i) the issue of the Performance Rights to Dr Robert Brookins will better align the interests of Dr Robert Brookins with those of Shareholders by: (a) directly and transparently linking executive remuneration with strategy and performance; and (b) aligning incentives with achievement of the Company's strategic objectives and longer shareholder return;
  - (ii) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Dr Robert Brookins; and
  - (iii) the issue of the Related Party Performance Rights is a key retention tool.
- (c) In forming their recommendation, each Director considered the experience of Dr Robert Brookins, the current market price of Shares and the current market practices when determining the number of Performance Rights.

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## **8. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT CAPACITY**

This Resolution 9 is put to Shareholders as part of annual renewals of Board authorities from Shareholders permitted under the ASX Listing Rules.

### **8.1 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 \$46.1M (based on the number of Shares on issue and the closing price of Shares on the ASX on 13-Sep-2019).

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 9, 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 9 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 9 for it to be passed.

## **8.2 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 9:

### **(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 9 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 13 September 2019.

		Dilution			
Number of Share on Issue (Variable A in ASX Listing Rule 7.1A2)		Shares Issued 10% voting dilution	Issue Price		
			\$ 0.0675	\$ 0.1350	\$ 0.2025
			50% decrease	Issue Price	50% Increase
			Funds Raised		
Current	347,485,663	34,748,566	\$ 2,345,528	\$ 4,691,056	\$ 7,036,585
50% increase	521,228,495	52,122,849	\$ 3,518,292	\$ 7,036,585	\$ 10,554,877
100% increase	694,971,326	69,497,133	\$ 4,691,056	\$ 9,382,113	\$ 14,073,169

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.

\*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:**

- (i) There are currently 347,485,663 Shares on issue in the Company.
- (ii) The issue price set out above is the closing price of the Shares on the ASX on 13 September 2019.
- (iii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- (iv) The Company issued 155,000 Shares in accordance with its entitlement under Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options or Performance Rights are exercised into Shares before the date of issue of the Equity Securities.
- (vi) 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.
- (vii) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- (viii) 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%.

- (ix) 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.
- (x) Shareholders should note that there is a risk that:
  - (A) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
  - (B) 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).

(f) **Previous approval under ASX Listing Rule 7.1A**

At its November 2018 Annual General Meeting, the Company sought approval pursuant to Listing Rule 7.1A. Shareholders' approval was 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.

In the 12 months preceding the date of the Meeting, the Company issued 155,000 Equity Securities which represents 0.04% of the total number of Shares on issue at 18 November 2019. Further details as required under Listing Rule 7.3A.6 in respect of these Shares issues is set out in Schedule 3.

(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.

### **8.3 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 9.

### **8.4 Board recommendation**

The Board recommends that Shareholders vote **in favour** of Resolution 9.

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## GLOSSARY

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**AU\$** means Australian dollars.

**US\$** means US dollars.

**10% Placement Capacity** has the meaning given in Section 8.1.

**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:

- (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** 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 Memorandum** means the explanatory memorandum 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 Memorandum 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 2019.

**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 Memorandum.

**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.

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## SCHEDULE 1 – SUMMARY OF TERMS OF EMPLOYEE INCENTIVE SHARE PLAN

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The key terms of the Employee Share Plan are as follows:

- (a) **Eligibility:** Participants in the Scheme may be Directors, full-time and part-time employees of the Company or any of its subsidiaries (Participants).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Shares under the Plan.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the Plan. The offer:
  - (i) will invite application for the number of Shares specified in the offer;
  - (ii) will specify the issue price for the Shares or the manner in which the Issue Price is to be calculated;
  - (iii) may invite applications for a loan up to the amount payable in respect of the Shares accepted by the Participant in accordance with the offer;
  - (iv) will specify any restriction conditions applying to the Shares;
  - (v) will specify an acceptance period; and
  - (vi) specify any other terms and conditions attaching to the Shares.
- (d) **Issue price:** the issue price of each Share will be not less the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the actual date of acceptance of the Shares offered under the Offer.
- (e) **Restriction Conditions:** Shares may be subject to restriction conditions (such as a period of employment) which must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.
- (f) **Loan:** A Participant who is invited to subscribe for Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted by the Participant (**Loan**), on the following terms:
  - (i) the Loan will be interest free;
  - (ii) the Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares;
  - (iii) the Loan repayment date and the manner for making such payments shall be determined by the Board and set out in the offer;
  - (iv) a Participant must repay the Loan in full by the loan repayment date but may elect to repay the Loan amount in respect of any or all of the Shares at any time prior to the loan repayment date;



- (v) the Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Plan;
  - (vi) a Loan will be non-recourse except against the Shares held by the Participant to which the Loan relates; and
  - (vii) the Board may, in its absolute discretion, agree to forgive a Loan made to a Participant.
- (g) **Salary Sacrifice:** Eligible Participants may, at the invitation of the Directors elect to salary sacrifice their cash remuneration (or part of) and elect to be paid an equivalent number of Shares under the Plan.
- (h) **Unfulfilled Restriction Condition:** Where a restriction condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the restriction condition is waived by the Board, either:
- (i) buy back and cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act at a price equal to the cash consideration paid by the Participant for the Plan Shares (with any Loan not being treated as cash consideration but any Loan Amount repayments by the Participant being treated as cash consideration); or
  - (ii) arrange to sell the Shares as soon as reasonably practicable either on the ASX or to an investor who falls within an exemption under section 708 of the Corporations Act provided that the sale must be at a price that is no less than 80% of the volume weighted average price at which Shares were traded on the ASX on the 10 trading days before the sale date and apply the sale proceeds (Sale Proceeds) in the following priority:
    - (A) first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;
    - (B) second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant; and
    - (C) lastly, any remainder to the Company to cover its costs of managing the Plan.
- (i) **Sale of Shares to repay Loan:**
- (i) A Loan shall become repayable in full where:
    - (A) the Participant (or, where the Participant is an Associate of an Eligible Employee, the Eligible Employee) ceases to be an Eligible Employee for any reason (including death);
    - (B) the Participant suffers an event of insolvency;

- (C) the Participant breaches any condition of the Loan or the Plan; or
  - (D) a Restriction Condition in relation to Shares subject to the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board (and is not waived).
- (ii) Where a Loan becomes repayable and at that time a Restriction Condition in relation to Shares subject to the Loan is not satisfied, or is incapable of being satisfied in the opinion of the Board (and is not waived), the Shares must be sold and the Sale Proceeds applied to repay the Loan in accordance the Plan.
- (iii) Where a Loan in relation to Shares becomes repayable and at that time Restriction Conditions in relation to the Shares have either been satisfied or are waived, the Company must give the Participant a 30 day period to repay the Loan, failing which the Company must sell the Shares and apply the Sale Proceeds in accordance with the Plan.
- (j) **Power of Attorney:** The Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the sale of the Participant's Shares in accordance with the Plan.
- (k) **Plan limit:** The Company must take reasonable steps to ensure that the number of Shares offered by the Company under the Plan when aggregated with:
  - (i) the number of Shares issued during the previous 5 years under the Plan (or any other employee share plan extended only to Eligible Employees); and
  - (ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).
- (l) **Restriction on transfer:** Participants may not sell or otherwise deal with a Plan Share until the Loan Amount in respect of that Plan Share has been repaid and any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.
- (m) **Quotation on ASX:** The Company will apply for each Plan Share to be admitted to trading on ASX upon issue of the Plan Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.
- (n) **Rights attaching to Shares:** Each Plan Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

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## SCHEDULE 2 – SUMMARY OF TERMS OF NEW PERFORMANCE RIGHTS PLAN

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**Eligible Participants:** All Directors who hold salaried employment with the Company (or another entity within the Company group) and full and part time employees of the Company (or another entity within the Company group) are eligible to participate in the Alexium Performance Rights Plan.

**Offers:** The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Alexium Performance Rights Plan and on such additional terms and conditions as the Board determines. Unless the Board otherwise determines, an Eligible Participant will not be required to make any payment in return for the grant of Performance Rights.

**Performance Rights:** Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one Share.

**Not transferrable:** Performance Rights are only transferrable with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

**Vesting Conditions:** The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied.

**Vesting:** A Performance Right will vest where Vesting Conditions are satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of: (a) the participant ceasing to be an Eligible Participant due to a good leaver exception (e.g. due to death, total and permanent disability, retirement or redundancy or financial hardship) as set out in the Alexium Performance Rights Plan; or (b) the Company undergoing a change in control or winding up.

**Exercise of vested Performance Right:** Unless the Board decides otherwise or the Performance Right automatically converts upon vesting, any vested Performance Right may be exercised within 6 months of the Board notifying the holder/Eligible Participant that the Performance Right has vested, following which the Company will issue the participant with the applicable number of Shares.

**Lapse of a Performance Right:** A Performance Right will lapse upon the earlier to occur of:

- (a) an unauthorised dealing in, or hedging of, the Performance Right;
- (b) a Vesting Condition in relation to the Performance Right is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception (e.g. due to death, total and permanent disability, retirement or redundancy or financial hardship);
- (c) a vested Performance Right is not exercised within 6 months of the Board notifying the holder/Eligible Participant that the Performance Right has vested or such lesser period as the Board decides at the time of grant;
- (d) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;

- (e) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Performance Right;
- (f) the expiry date of the Performance Right; and
- (g) the 7-year anniversary of the date of grant of the Performance Right.

**Shares:** Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank on equal terms with all other Shares on issue.

**Quotation of Shares:** If Shares of the same class as those allotted under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the disposal of Shares ends.

**Share Sale Restrictions:** Any Share issued to a holder on the exercise of a Performance Right must not be disposed of, or dealt with in any way, by that holder until the earlier of:

- (a) when the holder (or, where the holder is a nominee of the Eligible Participant, that Eligible Participant) ceasing to be an Eligible Participant;
- (b) the Board approving the removal of the disposal restriction under a good leaver exception (e.g. due to death, total and permanent disability, retirement or redundancy or financial hardship);
- (c) there is a change in control of the Company, or a voluntary resolution or order is made for the winding up of the Company; and
- (d) the 7-year anniversary of the date of grant of the Performance Right.

**No Participation Rights:** There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

**No Change:** A Performance Right does not confer the right to a change in the exercise price (if any) or the number of underlying Shares over which the Performance Right can be exercised.

**Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

**Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Performance Right granted under the Plan including giving any amendment retrospective effect.

**Restrictions on amendments:** Without the consent of the Participant, no amendment may be made to the terms of any granted Performance Right which reduced the rights of the Participant in respect of that Performance Right, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;

- (b) to correct any manifest error or mistake; or
- (c) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.

## SCHEDULE 3 – ISSUES OF EQUITY SECURITIES IN LAST 12 MONTHS

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration [Refer to Note 1]
Issue – 3 Dec 2018  Appendix 3B – 3 Dec 2018	2,691,350	Performance Rights	Non-Executive Directors & Employees	Nil cash consideration in lieu of fees and employee services	Non-cash  Consideration:  (1) Performance based securities given in lieu of a portion of Directors' fees owed to the recipient  (2) Performance based securities given to employees  Current value = \$515,157
Issue – 13 August 2019  Appendix 3B – 14 August 2019	2,042,065	Fully Paid Ordinary Shares	Non-Executive Directors & Employees	Nil cash consideration in lieu of fees, employee services and separation	Non-cash  Consideration:  (1) Conversion of performance-based securities given in lieu of a portion of Directors' fees owed to the recipient  (2) Conversion of performance-based securities given to employees following satisfaction of vesting hurdles and conditions  (3) Employee separation benefit  Current value = \$428,015

### Notes:

- In respect of unquoted Equity Securities the value of Performance Rights (as a zero exercise price option) is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Performance Right, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Performance Right. No account is taken of any performance conditions included in the terms of the Performance Right other than market based performance conditions (i.e. conditions linked to the price of Shares).



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 **11.00am (Sydney time) on Sunday, 27 October 2019**, 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.



