
ALEXIUM INTERNATIONAL GROUP LIMITED

ACN 064 820 408

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2.00pm

DATE: 9 November 2015

PLACE: The offices of BDO, 38 Station St Subiaco WA 6008

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.

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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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 2.00pm on 9 November 2015 at:

The offices of BDO, 38 Station St Subiaco WA 6008

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 2.00pm on 7 November 2015.

Voting in person

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

Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to

exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

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

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

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 2015 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 2015."

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

Voting Prohibition Statement:

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

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; 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:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) 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.

3. RESOLUTION 2 – APPOINTMENT OF AUDITOR

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

"That, pursuant to section 327B of the Corporations Act and for all other purposes, approval is given for the appointment of Grant Thornton as auditor of the Company effective from the conclusion of the Meeting."

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – CRAIG SMITH-GANDER

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, Craig Smith-Gander, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

5. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – NICHOLAS CLARK

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, Nicholas Clark, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

6. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY - NICHOLAS CLARK

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,000,000 Performance Rights to Nicholas Clark (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Nicholas Clark (or his nominee) and any of their associates. 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, 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 a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

7. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY - GAVIN REZOS

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,250,000 Performance Rights to Gavin Rezos (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Gavin Rezos (or his nominee) and any of their associates. 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, 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 a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

8. RESOLUTION 7 – ISSUE OF SHARES TO RELATED PARTY – GAVIN REZOS

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 156,144 Shares to Gavin Rezos (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Gavin Rezos (or his nominee) and any of their associates. 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, 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 a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

9. RESOLUTION 8 – ISSUE OF SHARES TO RELATED PARTY – NICHOLAS CLARK

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 156,144 Shares to Nicholas Clark (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Nicholas Clark (or his nominee) and any of their associates. 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, 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 a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

10. RESOLUTION 9 – ISSUE OF OPTIONS TO RELATED PARTY - CRAIG SMITH-GANDER

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 250,000 Options to Craig Smith-Gander (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Craig Smith-Gander (or his nominee) and any of their associates. 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, 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 a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

Dated: 18 September 2015

By order of the Board

**Ms Kim Lucraft
Company Secretary**

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 2015 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 <http://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 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

Under changes to the Corporations Act which came into effect on 1 July 2011, 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 considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTION 2 – APPOINTMENT OF AUDITOR

Under section 327B of the Corporations Act, the Company in a general meeting must appoint an auditor to fill any vacancy in the office of auditor at each subsequent annual general meeting of the Company.

Stantons International, the Company's former auditor, gave notice of its intention to resign as auditor of the Company to ASIC (under section 329(5) of the Corporations Act) and ASIC has consented to their resignation as the Company's auditor, effective from 21 July 2015.

In accordance with section 327C of the Corporations Act, the Directors appointed Grant Thornton as the Company's auditor effective from the date of resignation of Stantons International up until the date of this Meeting. As part of the planned US public listing of the Company's securities on NYSE MKT, it is a requirement for US public listed companies to have an auditor registered with the US Public Company Accounting Oversight Board (**PCAOB**). Grant Thornton is registered with the PCAOB. In accordance with section 327B(1)(b) of the Corporations Act, the Company seeks to have Grant Thornton appointed by Shareholders as the Company's auditor pursuant to this Resolution 2.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for Grant Thornton to be

appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement at Schedule 6.

Grant Thornton has given its written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act subject to Shareholder approval of this resolution.

If Resolution 2 is passed, the appointment of Grant Thornton as the Company's auditor will take effect from the close of this Meeting.

4. RESOLUTIONS 3 AND 4 – RE-ELECTION OF DIRECTORS – CRAIG SMITH-GANDER AND NICHOLAS CLARK

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and

The Company currently has 5 Directors and accordingly 2 must retire.

Mr Smith-Gander, the Director longest in office since his last election, retires by rotation and seeks re-election.

Mr Smith-Gander was appointed as Non-Executive Director on 11 November 2009. Mr Smith-Gander is a graduate of the Royal Military College Duntroon and served as an officer in the Australian Regular Army. He worked in the Offshore Group at Clough Engineering Group and was appointed as the Group's first Risk Manager. He has extensive investment banking and corporate finance experience and is a former Director, Investment Banking at CIBC World Markets. Mr Smith-Gander is now the owner and Managing Director of Kwik Transport and Crane Hire Pty Ltd.

The Board has considered Mr Smith-Gander's independence and considers that he is an independent Director.

Mr Clark, the Director second longest in office since his last election, retires by rotation and seeks re-election.

Mr Clark was appointed as Non-Executive Director on 18 March 2013. Mr Clark has operated throughout the U.S.A., Australia, China, Asia and the Middle East in an array of areas, such as; Head of Foreign Investments, Risk and Compliance, Mergers and Acquisitions and Investor Relations, as well as a company secretarial role with an ASX listed company. Mr Clark is registered with the State Bar of New York, is an Associate of the NSW Law Society, is a Fellow of FINSLIA, and holds a Certified Practising Accountant (AI) and Chartered Global Management Account (CGMA).

The Board has considered Mr Clark's independence and considers that he is not an independent Director.

The Board supports the re-election of Mr Smith-Gander and Mr Clark pursuant to Resolutions 3 and 4.

5. RESOLUTIONS 5 AND 6 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES – NICHOLAS CLARK AND GAVIN REZOS

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 3,250,000 performance rights pursuant to the employee incentive scheme titled "*Alexium Performance Rights Plan*" (**Plan**) (**Performance Rights**), the terms of which are set out at Schedule 2 hereto (**Related Party Performance Rights**) to Nicholas Clark (or his nominee/s) and Gavin Rezos (or his nominee/s) (**Related Parties**) on the terms and conditions set out below. The "*Alexium Performance Rights Plan*" was approved at the annual general meeting of the Company held on 25 November 2013.

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

Details of the milestones specific to the Related Party Performance Rights are set out in Schedule 2.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Performance Rights constitutes giving a financial benefit and Nicholas Clark and Gavin Rezos are each a related party of the Company by virtue of being a Director.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Related Party Performance Rights to the Related Parties.

5.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As the issue of the Related Party Performance Rights involves the issue of securities under an employee incentive scheme to a Director, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

5.4 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 5 and 6:

- (a) the related parties are Nicholas Clark and Gavin Rezos and they are each a related party of the Company by virtue of being a Director;
- (b) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 2,000,000 Related Party Performance Rights to Nicholas Clark (or his nominee/s); and
 - (ii) 1,250,000 Related Party Performance Rights to Gavin Rezos (or his nominee/s);
- (c) it is expected that the Related Party 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 Related Party Performance Rights will be issued on one date;
- (d) the Related Party Performance Rights will be issued for nil cash consideration and no cash consideration will be payable upon the vesting of the Related Party Performance Rights or the subsequent issue of Shares (if any). Accordingly, no funds will be raised from the issue or vesting of the Performance Rights;
- (e) other than the issues of Performance Rights noted in the table below, which were issued for nil cash consideration, no Performance Rights have previously been issued under the Plan to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained;

Financial Year	Number of Performance Rights issued	Underlying value of Performance Rights issued	Status of vesting conditions applicable to Performance Rights issued
2014	8,600,000 issued (5,500,000 to Directors and 3,100,000 to employees)	\$198,660	See Note 1
2015	8,500,000 issued (5,500,000 to Directors and 3,000,000 to employees)	\$464,100	See Note 2

Notes:

¹ 3,000,000 Performance Rights were issued to Nicholas Clark and 2,500,000 were issued to Gavin Rezos upon obtaining Shareholder approval at the Company's 2013 annual general meeting. 900,000 of these Performance Rights were cancelled upon the resignation of an employee. The remaining 7,700,000 Performance Rights were converted into Shares upon completion of relevant milestones.

² 3,000,000 Performance Rights were issued to Nicholas Clark and 2,500,000 were issued to Gavin Rezos upon obtaining Shareholder approval at the Company's 2014 annual general meeting. As at the date of this Notice, all Performance Rights issued to Directors and 250,000 Performance Rights issued to employees were converted into Shares upon completion of relevant milestones. The remaining 2,750,000 Performance Rights issued to employees are yet to vest. In order to vest, the relevant milestones applicable to these Performance Rights will need to vest by 30 June 2016.

- (f) as at the date of this Notice, the Related Parties are the only persons covered by ASX Listing Rule 10.14 that the Board has declared to be eligible to be issued Performance Rights under the Plan (i.e. a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained);
- (g) the value of the Related Party Performance Rights and the pricing methodology is set out in Schedule 3;
- (h) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options	Performance Rights
Nicholas Clark	8,820,000	Nil	Nil
Gavin Rezos	24,675,000	Nil	Nil

- (i) the remuneration and emoluments from the Company to the Related Parties for the previous two financial years and the proposed remuneration and emoluments for the current financial year (on a full year basis and including salary, fees, superannuation and share based payments) are set out below:

Related Party	Financial Year 30 June 2014	Financial Year 30 June 2015	Financial Year 30 June 2016
Nicholas Clark ¹	AU\$324,202	AU\$582,228	US\$458,717
Gavin Rezos ²	AU\$275,207	AU\$307,372	US\$252,295

- (j) if the Related Party Performance Rights issued to the Related Parties convert into Shares, a total of 3,250,000 Shares would be issued. This will increase the number of Shares on issue (as at the date of this Notice) from 272,372,584 to 275,622,584 (assuming that no Options are exercised, Performance Rights converted and no Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.19%, comprising 0.73% by Nicholas Clark and 0.46% by Gavin Rezos;
- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$1.05	19 August 2015
Lowest	\$0.14	26 September 2014
Last	\$0.91	17 September 2015

- (l) the primary purpose of the grant of the Related Party Performance Rights pursuant to Resolutions 5 and 6 is to provide a performance linked incentive component in the remuneration package for Nicholas Clark and Gavin Rezos to motivate and reward their performance in their respective roles as Directors;
- (m) Nicholas Clark declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Rights in the Company should Resolution 5 be passed. However, Nicholas Clark recommends that Shareholders vote in favour of Resolution 6 for the following reasons:
- (i) the issue of the Related Party Performance Rights to the Related Parties, in particular, the vesting conditions and performance milestones, will better align the interests of the Related Parties with those of Shareholders by directly and transparently linking executive remuneration with strategy and performance by aligning incentives with achievement of the Company's strategic objectives and longer term Shareholder return;
 - (ii) the issue of the Related Party 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 the Related Parties;
 - (iii) the issue of the Related Party Performance Rights is a key retention tool; and

- (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Performance Rights upon the terms proposed;
- (n) Gavin Rezos declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Rights in the Company should Resolution 6 be passed. However, Gavin Rezos recommends that Shareholders vote in favour of Resolution 5 for the reasons set out in paragraph 5.4(m)(i) to 5.4(m)(iv);
- (o) the Directors other than Nicholas Clark and Gavin Rezos do not have a personal interest in the outcome of Resolutions 5 or 6 and recommend that Shareholders vote in favour of Resolutions 5 and 6 for the reasons set out in paragraph 5.4(m)(i) to 5.4(m)(iv);
- (p) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Performance Rights to be issued as well as the performance hurdles and expiry date of those Related Party Performance Rights; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 and 6.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights the subject of Resolutions 5 and 6 as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of the Related Party Performance Rights the subject of Resolutions 5 and 6 will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 7 – ISSUE OF SHARES TO RELATED PARTY – GAVIN REZOS

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 156,144 Shares (**GR Related Party Shares**) to Gavin Rezos (or his nominee/s) in lieu of salary of USD\$100,000 (AUD\$139,640) owing to Gavin Rezos for services provided to the Company and otherwise on the terms and conditions set out below.

Mr Rezos last sought and was granted approval by Shareholders for an issue of Shares in lieu of \$100,000 of his salary in November 2014.

Resolution 7 seeks Shareholder approval for the issue of the GR Related Party Shares.

6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the GR Related Party Shares constitutes giving a financial benefit and Gavin Rezos is a related party of the Company by virtue of being a Director.

The Directors (other than Gavin Rezos who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the GR Related Party Shares because the benefit is in lieu of remuneration to a related party as an officer of the Company and the giving of the benefit is reasonable given the circumstances of the Company in conserving cash reserves where the alternative would be to pay the USD\$100,000 (AUD\$139,640) to Mr Rezos.

6.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Related Party Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

6.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (a) The GR Related Party Shares will be issued to Gavin Rezos (or his nominee/s);
- (b) the number of GR Related Party Shares to be issued is 156,144 Shares, being equal to USD\$100,000 (AUD\$139,640) divided by the issue price of AUD\$0.8943 and rounded to the nearest whole Share;
- (c) the GR Related Party Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the GR Related Party Shares will occur on the same date;
- (d) the deemed issue price per Share will be AUD\$0.8943 being equal to the volume weighted average closing price of Shares on ASX in the 20 trading days immediately prior to the date of this Notice;
- (e) the GR Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and

- (f) no funds will be raised from the issue of the GR Related Party Shares as they are being issued in lieu of salary of USD\$100,000 owing to Gavin Rezos for services provided to the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the GR Related Party Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of GR Related Party Shares to Gavin Rezos (or his nominee/s) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

7. RESOLUTION 8 – ISSUE OF SHARES TO RELATED PARTY – NICHOLAS CLARK

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 156,144 Shares (**NC Related Party Shares**) to Nicholas Clark (or his nominee/s) in lieu of salary of USD\$100,000 (AUD\$139,640) owing to Nicholas Clark for services provided to the Company and otherwise on the terms and conditions set out below.

Mr Clark last sought and was granted approval by Shareholders for an issue of Shares in lieu of \$100,000 of his salary in November 2014.

Resolution 8 seeks Shareholder approval for the issue of the NC Related Party Shares.

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 6.2 and 6.3 above respectively.

The Directors (other than Nicholas Clark who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the NC Related Party Shares because the benefit is in lieu of remuneration to a related party as an officer of the Company and the giving of the benefit is reasonable given the circumstances of the Company in conserving cash reserves where the alternative would be to pay the outstanding USD\$100,000 (AUD\$139,640) to Mr Clark.

As the issue of the NC Related Party Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.2 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 8:

- (a) the NC Related Party Shares will be issued to Nicholas Clark (or his nominee/s);
- (b) the number of NC Related Party Shares to be issued is 156,144 Shares, being equal to USD\$100,000 (AUD\$139,640) divided by the issue price of AUD\$0.8943 and rounded to the nearest whole Share;

- (c) the NC Related Party Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the NC Related Party Shares will occur on the same date;
- (d) the deemed issue price per Share will be AUD\$0.8943 being equal to the volume weighted average closing price of Shares on ASX in the 20 trading days immediately prior to the date of this Notice;
- (e) the NC Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the NC Related Party Shares as they are being issued in lieu of salary of USD\$100,000 owing to Nicholas Clark for services provided to the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the NC Related Party Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of NC Related Party Shares to Nicholas Smith (or his nominee/s) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

8. RESOLUTION 9 – ISSUE OF OPTIONS TO RELATED PARTY - CRAIG SMITH-GANDER

8.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 250,000 Options (**Related Party Options**) to Craig Smith-Gander (or his nominee) (**Related Parties**) on the terms and conditions set out below.

Resolution 9 seeks Shareholder approval for the grant of the Related Party Options to Craig Smith-Gander (or his nominee).

8.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 6.2 and 6.3 respectively.

The grant of the Related Party Options constitutes giving a financial benefit and Craig Smith-Gander is a related party of the Company by virtue of being a Director of the Company.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to Craig Smith-Gander.

8.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related party is Craig Smith-Gander (or his nominee) and he is a related party by virtue of being a Director of the Company;

- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to Craig Smith-Gander (or his nominee) is 250,000, which will comprise:
- (i) 125,000 Tranche 1 Options; and
 - (ii) 125,000 Tranche 2 Options;
- (c) the Related Party Options will be granted to Craig Smith-Gander (or his nominee) no later than 1 month 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 Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 4;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 5;
- (g) Craig Smith-Gander (or his nominee) currently holds 615,166 Shares, 1,000,000 Options exercisable at \$0.15 on or before 31 December 2015, 500,000 Options exercisable at \$0.08 on or before 31 December 2016 and 750,000 Options exercisable at \$0.198 on or before 9 November 2017;
- (h) the remuneration and emoluments from the Company to Craig Smith-Gander for the previous two financial years and the proposed remuneration and emoluments for the current financial year (on a full year basis and including salary, fees, superannuation and share based payments) are set out below:

Related Party	Financial Year 2016	Financial Year 2015	Financial Year 2014
Craig Smith-Gander	AU\$34,493	AU\$124,184	AU\$33,750

- (i) if the Related Party Options granted to Craig Smith-Gander are exercised, a total of 250,000 Shares would be issued. This will increase the number of Shares on issue from 272,372,584 to 272,622,584 (assuming that no other Options are exercised, no other performance rights are converted and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.092%.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company;

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out in section 5.4(k);

- (k) the Board acknowledges the grant of Related Party Options to Craig Smith-Gander is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to Craig Smith-Gander reasonable in the circumstances for the reason set out in paragraph 8.3(m);
- (l) the primary purpose of the grant of the Related Party Options to Craig Smith-Gander is to provide a performance linked incentive component in the remuneration package for Craig Smith-Gander to motivate and reward his performance in his role as a Director of the Company;
- (m) Craig Smith-Gander declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution on the basis that Craig Smith-Gander is to be granted Related Party Options in the Company should Resolution 9 be passed;
- (n) with the exception of Craig Smith-Gander, no other Director has a personal interest in the outcome of Resolution 9;
- (o) The Directors other than Craig Smith-Gander recommend that Shareholders vote in favour of Resolution 9 for the following reasons:
 - (i) the grant of Related Party Options to Craig Smith-Gander will align his interests with those of Shareholders;
 - (ii) the grant of the Related Party Options 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 Craig Smith-Gander; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (p) in forming their recommendations, each Director considered the experience of Craig Smith-Gander, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 9.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to Craig Smith-Gander as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to Craig Smith-Gander will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

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.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

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

Option means an option to acquire a Share in the Company.

Optionholder means a holder of an Option or Related Party Option as the context requires.

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

Performance Right means a performance right in the capital of the Company granted under the Plan.

Plan means the Alexium Performance Rights Plan, approved by Shareholders on 25 November 2013.

Proxy Form means the proxy form accompanying the Notice.

Related Parties means Gavin Rezos and Nicholas Clark.

Related Party Option means an Option granted pursuant to Resolution 9 with the terms and conditions set out in Schedule 4.

Related Party Performance Rights means a Performance Right granted pursuant to Resolutions 6 and 7 with the terms and conditions as set out in Schedule 2.

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 2015.

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

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

Shareholder means a registered holder of a Share.

Tranche 1 Related Party Options means 125,000 Related Party Options granted pursuant to Resolution 9 and exercisable at 35% above the volume weighted average closing price of Shares on ASX in the 20 trading days immediately prior to the date of this Notice, with the terms and conditions as set out in Schedule 4.

Tranche 2 Related Party Options means 125,000 Related Party Options granted pursuant to Resolution 9 and exercisable at 50% above the volume weighted average closing price of Shares on ASX in the 20 trading days immediately prior to the date of this Notice, with the terms and conditions as set out in Schedule 4.

USD means the lawful currency of the United States of America

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

SCHEDULE 1 – KEY TERMS AND CONDITIONS OF THE ALEXIUM PERFORMANCE RIGHTS PLAN

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 (eg 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 (eg 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 (eg 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 2 – CONVERSION TERMS OF PERFORMANCE RIGHTS

It is recognised that given the Company has developed two technologies, being the Reactive Surface Treatment (**RST**) and specialty chemical fire retardant treatments (**FR**) that there are a number of potential products across the chemical, textile, automotive, aerospace, construction and plastics industries.

Accordingly, there a number of business strategies to realise value for the Company's technologies. These include licencing out the technologies for royalties, joint venturing with other market participants, direct sales of products and sale of parts of the technologies. There are also competing strategies with respect to funding development of new products to a point of commercialisation versus licencing out an earlier stage for less risk but also less reward.

In order to incentivise the recipients of Performance Rights who are Directors, beyond acting as a retention tool with vesting subject to continued employment at the time performance rights vest (unless otherwise waived by the Board in limited circumstances), the following milestones will be additional vesting requirements. These milestones will be in the alternative, recognising that the Company needs to retain flexibility in its strategy to maximise shareholder return from the RST and FR technologies rather than lock the executives into a particular strategy to deliver a particular fixed milestone.

In order to vest, milestone 1 and any two of the other milestones will need to be achieved from the date of despatch of the Notice until 30 June 2017 (the **Period**).

1. Share Price Appreciation

The price of Shares as traded on ASX must equal or exceed \$1.2520, over a 5 day volume weighted average closing price during the Period, being the price which is a 40% premium to the 20 day volume weighted average closing price per Share, calculated as at 17 September 2015, being the date immediately prior to this Notice.

2. Revenue of not less than \$15m for the Period

The Company must achieve at least \$15m in revenues during the Period.

3. Achieving Initial Product Sales in non-textile areas

The Company must achieve either direct product sales revenues or licencing revenues in new product development areas outside textiles or the textile market during the Period.

4. Product Sales for Chem/Bio Protection

The Company must achieve either direct product sales revenues or licencing revenues from its RST applications on Chemical and Biological Protection ensembles during the Period.

5. US Department of Defense Contracts

The Company must enter into, directly or through a supplier, at least one significant contract with an arm or agency of the US Department of Defense during the Period in relation to products utilising FR technology.

6. Rest of the World Contracts

The Company must enter into, directly or through partners, at least two new significant contracts for the sale or licencing of FR formulations to customers located outside the United States, during the Period.

7. NYSE Markets Quotation

The Company's ordinary shares or American Depository Receipts being quoted and trading on the New York Stock Exchange or any subsidiary exchange thereof relevant to companies the size of the Company during the Period.

8. S&P ASX 300 Index

That the Company's ordinary shares or equivalent depository receipts trading on the ASX are included in the S&P ASX 300 Index.

SCHEDULE 3 – VALUATION OF PERFORMANCE RIGHTS

The Related Party Performance Rights to be issued to the Related Parties pursuant to Resolutions 5 and 6 have been valued by internal management.

Based on the assumptions set out below, the Related Party Performance Rights were ascribed the following value:

Assumptions:	
Valuation date	17 September 2015
Market price of Shares	\$0.91
Price payable on vesting	Nil
Discount (probability – market based condition)	80%
Discount (unlisted status and transferability restrictions)	30%
Indicative value per Related Party Performance Right	12.74 cents
Total Value of Related Party Performance Rights	\$414,050
- <i>Nicholas Clark (2,000,000 Performance Rights)</i>	\$254,800
- <i>Gavin Rezos (1,250,000 Performance Rights)</i>	\$159,250

Note: The valuation noted above is not necessarily the market price that the Related Party Performance Rights could be traded at and is not the market price for taxation purposes.

SCHEDULE 4 – TERMS OF RELATED PARTY OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be:

- (i) 35% above the volume weighted average closing price of Shares on ASX in the 20 trading days immediately prior to the date of this Notice for the Tranche 1 Related Party Options; and
- (ii) 50% above the volume weighted average closing price of Shares on ASX in the 20 trading days immediately prior to the date of this Notice for the Tranche 2 Related Party Options,

(Exercise Price).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is two years from their date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a

notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 5 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolution 9 have been valued by internal management.

Using the Black and Scholes model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	Tranche 1	Tranche 2
Valuation date	17 September 2015	17 September 2015
Market price of Shares	\$0.91	\$0.91
Exercise price	\$1.2072, being 35% above the volume weighted average closing price of Shares on ASX in the 20 trading days immediately prior to the date of this Notice.	\$1.314, being 50% above the volume weighted average closing price of Shares on ASX in the 20 trading days immediately prior to the date of this Notice.
Expiry date (length of time from issue)	two years	two years
Risk free interest rate	1.96%	1.96%
Volatility (discount)	55.5%	55.5%
Indicative value per Related Party Option	\$0.2050	\$0.1766
Total Value of Related Party Options	\$25,625	\$22,075
-Craig Smith Gander – 250,000 Options	125,000 options	125,000 options

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 6 – NOMINATION OF AUDITOR

Ms Kim Lucraft
Company Secretary
Alexium International Group Limited
Level 18, Central Park
152-158 St Georges Terrace
Perth WA 6000

Dear Madam

I, Glen Fuller, a director of Powerlight Investments Pty Ltd which is a member of Alexium International Group Limited (Company), hereby nominate, on behalf of Powerlight Investments Pty Ltd, Grant Thornton Audit Pty Ltd of Level 1, 10 Kings Park Road, West Perth WA 6005, for appointment as auditors of Alexium International Group Limited at the company's next annual general meeting or any adjournment thereof.

The office of auditor will at that time be vacant because the initial appointment of Grant Thornton Audit Pty Ltd was made by the directors of the Company to fill a casual vacancy following the resignation of the previous auditors, Stantons International, and the initial appointment expires at the Company's next annual general meeting.



Glen Fuller
Director
Powerlight Investments Pty Ltd

PROXY FORM

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

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our 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, at the Meeting to be held at 2.00pm, on 9 November 2015 at the offices of BDO, 38 Station St Subiaco WA 6008, and at any adjournment thereof.

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 to 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 5 to 9 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Appointment of Auditor to Replace Auditor Removed From Office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Craig Smith-Gander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Director – Nicholas Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Performance Rights to Related Party - Nicholas Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Performance Rights to Related Party - Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares to Related Party – Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Shares to Related Party – Nicholas Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Options to Related Party – Craig Smith-Gander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail
in relation to this Proxy Form: YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(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 provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy 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.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Alexium International Group Limited, Level 18, 152-158 St Georges Terrace, Perth, W.A. 6000; or
 - (b) facsimile to the Company on facsimile number +61 8 6314 1623,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.