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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:** 2.00pm (Perth time)  
**DATE:** 21 November 2016  
**PLACE:** Grant Thornton  
Level 1  
10 Kings Park Road  
West Perth, Western Australia

***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 2.00pm (Perth time) on 19 November 2016.***

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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 2016 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 2016."*

**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:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GAVIN REZOS

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, Gavin Rezos, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – CRAIG METZ

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 Metz, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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## 5. RESOLUTION 4 – ISSUE OF 2015/2016 REMUNERATION SHARES TO NICHOLAS CLARK

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 10.11 and for all other purposes, approval is given for the Company to issue 431,264 Shares to Nicholas Clark (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** 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.

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## 6. RESOLUTION 5 – ISSUE OF 2015/2016 REMUNERATION SHARES TO GAVIN REZOS

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 10.11 and for all other purposes, approval is given for the Company to issue 285,713 Shares to Gavin Rezos (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** 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
  - (iii) 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.

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## 7. RESOLUTION 6 – ADOPTION OF EMPLOYEE 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 for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled ‘Alexium Employee Share Plan’ and for the issue of Shares under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any 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 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.

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## 8. RESOLUTION 7 – RE-APPROVAL OF 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 for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled ‘Alexium Employee Share Plan’ and for the issue of Shares under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any 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 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.

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**9. RESOLUTION 8 – APPROVAL TO ISSUE INCENTIVE SHARES TO EXECUTIVE – NICHOLAS CLARK**

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

*“That, subject to the passing of Resolution 6, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of a number of Shares to Mr Nicholas Clark (or his nominee) each year over the next three years as incentive equity-based remuneration for the 2017, 2018 and 2019 financial years of up to 50% of his salary determinable on the achievement of set performance related milestones in each financial year established by the Company, and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Nicholas Clark (and 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.

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**10. RESOLUTION 9 – APPROVAL TO ISSUE LONG TERM INCENTIVES TO EXECUTIVE – NICHOLAS CLARK**

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

*“That, subject to the passing of Resolution 7, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of a number of Performance Rights to Mr Nicholas Clark (or his nominee) each year over the next three years as long term incentive based remuneration for the 2017, 2018 and 2019 financial years of up to 100% of his salary which may vest into Shares on the achievement of set performance hurdles, and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Nicholas Clark (and 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.

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**11. RESOLUTION 10 – APPROVAL TO ISSUE SHORT TERM INCENTIVE SHARES TO EXECUTIVE – GAVIN REZOS**

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

*“That, subject to the passing of Resolution 6, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of a number of Shares to Mr Gavin Rezos (or his nominee) each year over the next three years as incentive equity-based remuneration for the 2017, 2018 and 2019 financial years of up to 50% of his salary determinable on the achievement of set performance related milestones in each financial year established by the Company, and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Gavin Rezos (and 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.

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**12. RESOLUTION 11 – APPROVAL TO ISSUE LONG TERM INCENTIVES TO EXECUTIVE – GAVIN REZOS**

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

*“That, subject to the passing of Resolution 7, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of a number of Performance Rights to Mr Gavin Rezos (or his nominee) each year over the next three years as long term incentive based remuneration for the 2017, 2018 and 2019 financial years of up to 100% of his salary which may*

*vest into Shares on the achievement of set performance hurdles, and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Gavin Rezos (and 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.

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### 13. RESOLUTION 12 – NON-EXECUTIVE DIRECTORS' FEES

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

*"That, for the purposes of clause 13.7 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, the Company approves the maximum total aggregate amount that may be paid to Non-Executive Directors as remuneration for their services in each financial year to be set at US\$375,000 which may be divided among those Non-Executive Directors in the manner determined by the Board of the Company from time to time."*

**ASX Voting exclusion:** The Company will disregard any votes cast on this Resolution by any Director of the Company and any associates of those Directors. 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:
    - (iii) a member of the Key Management Personnel; or
    - (iv) 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.

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**Dated: 18 October 2016**

**By order of the Board**

**Kevin Kye  
Company Secretary**

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**Voting in person**

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

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**Voting by proxy**

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

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

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

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

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

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9384 3160.***



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## EXPLANATORY STATEMENT

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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.

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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 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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

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

### **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.

Gavin Rezos, who has served as a director since June 2006 and was last re-elected in November 2014, retires by rotation and seeks re-election.

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

Mr Rezos has extensive Australian and international investment banking experience and is a former Investment Banking Director of HSBC Group with regional roles during his HSBC career based in London, Sydney and Dubai. Mr Rezos has held Chief Executive Officer positions and executive directorships of companies in the technology sector in Australia, the United Kingdom, the US and Singapore and was a Non-Executive Director of Rowing Australia, the peak Olympic sports body for rowing in Australia from 2009 until 2014. He is currently a Non-Executive Director of ASX listed Iluka Resources Limited, Department 13 International Limited and Resource and Energy Group Limited and a Principal of Washington DC based Viaticus Capital LLC.

### **3.3 Independence**

If elected the board does not consider Gavin Rezos will be an independent director.

### **3.4 Board recommendation**

The Board supports the re-election of Gavin Rezos and recommends that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – CRAIG METZ**

### **4.1 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.

Craig Metz, who has served as a director since November 2014, retires by rotation and seeks re-election.

#### **4.2 Qualifications and other material directorships**

Mr Metz is a partner at US Law Firm Nelson, Mullins, Riley and Scarborough LLP with over 20 years' experience in United States legislative and regulatory affairs. He served as Chief of Staff to the late US Congressman Floyd Spence (R-SC). He held staff positions in the United States Senate and House of Representatives. Mr Metz was appointed to senior positions in the Executive Branch of the United States Federal Government. Mr Metz is not a director of any other ASX listed companies.

#### **4.3 Independence**

If elected the board considers Mr Metz will be an independent director.

#### **4.4 Board recommendation**

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

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### **5. RESOLUTIONS 4 AND 5 – ISSUE OF 2015/2016 REMUNERATION SHARES TO EXECUTIVE DIRECTORS**

#### **5.1 General**

In accordance with its reported Corporate Governance Principles, the Company has established a Remuneration Committee. The Remuneration Committee comprises Mr Craig Smith-Gander and Mr Stephen Cheney, both of whom are non-executive directors of the Company.

The Remuneration Committee has met to consider the appropriate method for incentivising the Company's Executives both in a short term and long term manner.

In June 2016, the Remuneration Committee resolved, based on the performance of the Company to 30 June 2016 that each of Nicholas Clark and Gavin Rezos be awarded the following grants in recognition of the achievement of targets for the financial year:

- (a) US\$400,000 to Nicholas Clark, with 50% in cash and 50% in Shares; and
- (b) US\$265,000 to Gavin Rezos, with 50% in cash and 50% in Shares.

Resolutions 4 and 5 therefore seek the approval of Shareholders for the issue of these Shares in accordance with ASX Listing Rule requirements.

For the purpose of determining the number of Shares to be issued, the USD:AUD exchange rate was calculated as the average exchange rate over the month of September and calculated as USD\$1 = AUD\$1.32.

#### **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 grant of the Shares constitutes giving a financial benefit and Mr Clark and Mr Rezos are related parties by virtue of being Directors.

The Remuneration Committee, which is independent of the two Executives, have resolved that these awards are reasonable given the salary of the Executives and the measurement of their performance against the performance of the Company in the previous 12 months.

### **5.3 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:

- (a) the Shares will be issued to:
  - (i) Resolution 4 – Mr Nicholas Clark (or his nominee); and
  - (ii) Resolution 5 – Mr Gavin Rezos (or his nominee);
- (b) the number of Shares to be issued is:
  - (i) Resolution 4 – 431,264; and
  - (ii) Resolution 5 – 285,713;
- (c) the Shares will be granted 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 Options will occur on the same date; and
- (d) the Shares will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the Shares will be issued on the same terms as all other existing Shares on issue.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Shares under Resolutions 4 and 5 will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **6. RESOLUTION 6 – ADOPTION OF EMPLOYEE SHARE PLAN**

Resolution 6 seeks Shareholders approval for the adoption of the Alexium Share Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

The new Plan reflects the advice of the Company's independent remuneration consultants as provided to the Company's Remuneration Committee and tracks the type of incentive and plans as more typically adopted by ASX 300 companies.

The new Plan takes into account amendments made to Australian federal Laws and regulations relating to employee share incentives that came into force in July 2016.

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 6 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.

Shareholders should note that no Shares have previously been issued under the Plan. However, Resolutions 7 and 9 seek approval to issue Shares under the Plan to current executives Nicholas Clark and Gavin Rezos.

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. For this reason, the Company is also seeking approval under Resolutions 7 and 9 for the issue of Shares to certain Directors pursuant to the Plan.

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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## **7. RESOLUTION 7 – RE-APPROVAL OF ALEXIUM PERFORMANCE RIGHTS PLAN**

The new Performance Rights Plan reflects the advice of the Company's independent remuneration consultants as provided to the Company's Remuneration Committee and tracks the type of incentive and plans as more typically adopted by ASX 300 companies but provides for measurement of performance on a solely objective basis.

The new Performance Rights Plan also takes into account amendments made to Australian federal Laws and regulations relating to employee share incentives that came into force in July 2016.

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. The Alexium Performance Rights Plan was last approved by Shareholders at the 2013 Annual General Meeting.

If Resolution 7 is passed, the Company will be able to issue Shares 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.

Details of the issues of Performance Rights issued under the Plan previously are set out in Section 8.2 below.

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 a 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 9 and 11 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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## **8. RESOLUTIONS 8 AND 10 – APPROVAL FOR ISSUE OF INCENTIVE SHARES TO EXECUTIVE DIRECTORS**

### **8.1 Background**

Resolutions 8 and 10 seek approval to enable the Company over the next three financial years to offer its executive Directors, Mr Nicholas Clark and Mr Gavin Rezos (or their respective nominees) (**Executives**) a number of Shares determined by the achievement of set milestones and based on a percentage of each executive's salary as part of the Company's short term incentive program for its Executives. Under the Company's proposed short term incentive program, bonuses paid upon the achievement of set milestones will be paid 50% in cash and 50% in share equity. The proposed number of Shares to be issued as short term incentives will therefore be as shown below:

	<b>No. of Shares to be issued</b>
<b>Non-achievement of set milestones for financial year</b>	Nil
<b>Achievement of minimum milestones set for financial year</b>	20% of salary
<b>Achievement of stretch target milestones for financial year</b>	up to 50% of salary*

\*However, the maximum number of Shares that could be issued in each year will be capped at US\$250,000 for Mr Clark and US\$150,000 for Mr Rezos (which represents 50% of their respective 2017 salaries).

Each financial year, the Company's Remuneration Committee will recommend annual short term hurdles for the financial year to the Board in relation to the performance of the Executives and any other eligible staff under the Employee Share Plan. Performance hurdles (and their weighting) will include:

- (a) Group financial performance targets for the financial year (60%);
- (b) Group sustainability targets (10%); and
- (c) growth measures via individual performance set against individual growth objectives (30%).

The price at which the Shares will be offered will be determined using the five day volume weighted average price of the Company's Shares traded on ASX over the last five days prior to the date that the Board determines that the hurdles have been or will be achieved.

The purpose of these short term incentives is to continually incentivise participants to, year-on-year, drive Shareholder value and align the interests of the Executives (as well as other eligible participants) with those of Shareholders, whilst also promoting Share ownership by the key Executives (and other eligible participants).

Details of the Shares issued against the milestones set will be included in each annual report of the Company relating to the period in which the Shares are issued, and also that approval of the issue was obtained under Listing Rule 10.14.

Schedule 3 contains a summary of the metrics established by the Remuneration Committee, following independent advice, for setting targets for the Executives (and other eligible participants under the Employee Share Plan).

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without Shareholder approval.

## **8.2 ASX Listing Rule information**

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15A, the following information is provided in relation to the proposed issues:

- (a) The persons to whom they may be issued are Mr Nicholas Clark and Mr Gavin Rezos, both executive Directors of the Company, or their respective nominees;

- (b) The Company has obtained a waiver from ASX in respect of compliance with Listing Rule 10.15A.2. The waiver allows the Company not to include the maximum number of Shares that may be issued to each of the Executives as this number is not presently ascertainable due to it being based on a formula which includes a future Share price. The waiver was granted on the basis that the Company sets out the method by which the number of Shares to be issued will be calculated. The number of Shares to be issued to each of the Executives will be calculated as between 20% and 50% of their respective salaries each year divided by the five day volume weighted average price of the Company's Shares traded on ASX over the last five days prior to the date that the Board determines that the hurdles have been or will be achieved. The maximum number of Shares to be issued to each Executive will be capped at:

(i) US\$250,000 for Mr Clark; and

(ii) US\$150,000 for Mr Rezos.

These amounts reflect 50% of their current 2017 salaries.

- (c) The final number of Shares issued, assuming the relevant milestones are fully met, will be issued at no cost.
- (d) Under the Employee Share Plan, Shares can be issued to employees of Alexium (and its subsidiaries) and includes each of the Directors, being Gavin Rezos, Nicholas Clark, Craig Metz, Stephen Cheney, Craig Smith-Gander and Aaron Kresch. No Shares have yet been issued under the Employee Share Plan.
- (e) No consideration is payable for the Shares and therefore no loan is contemplated to be offered.
- (f) Details of any Shares issued under Resolutions 8 and 10 will be published in each annual report of the Company relating to a period in which Shares have been issued, together with a statement that the Shares were issued under Listing Rule 10.14. Any additional persons who become entitled to participate in the Employee Share Plan after Resolutions 8 and 10 are approved and who are not named in this Notice will not participate in the Employee Share Plan until approval is obtained under Listing Rule 10.14.
- (g) Shares issued under the approvals will be issued no later than three years after the date of the General Meeting.

The Directors, other than Messrs Clark and Rezos recommend that Shareholders vote in favour of Resolutions 8 and 10.

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## **9. RESOLUTIONS 9 AND 11 – APPROVAL FOR ISSUE OF LONG TERM INCENTIVES TO EXECUTIVES**

### **9.1 Background**

The purpose of Resolutions 9 and 11 is to approve the issue of long term incentive Performance Rights to the Executives to be issued under the Company's Performance Rights Plan, which is the subject of Resolution 7.

Issuing Performance Rights to senior executives is a long established and standard component of the Company's remuneration structures, and the Directors, other



than Messrs Clark and Rezos, believe that offering long term incentives is an appropriate method for linking management's remuneration not only to the achievement of short term goals, but also longer term sustainable growth for Shareholders.

The Company has also engaged the services of a qualified independent consultant to advise the Company on appropriate remuneration and incentive structures for Company of a similar size and structure of the Company. Therefore, the Directors (excluding Messrs Clark and Rezos who refrain from giving any opinion) consider that the issue of these incentives are reasonable giving consideration to all the circumstances relating to the Company.

Performance Rights issued each year will have a term of three years (**Term**), and the hurdles established for the Performance Rights issued are to be set solely against total shareholder returns (**TSR**) compared to an index comprising companies in the S&P/ASX 300 companies that are either chemical or materials technology companies (**Index Group**). The following hurdles for the vesting of each tranche of Performance Rights will apply:

<b>Alexium TSR comparison against Index Group during Term</b>	<b>% of Performance Rights to vest</b>
Between 0 and 50%	Nil
Between 50.1% and 75%	Pro rata in relation to TSR against Index Group
75.1% of above	100%

The Performance Rights will otherwise be issued in accordance with the terms set out in the Performance Rights Plan.

Details of the Performance Rights issued each year and the comparison of each class of Performance Rights against the respective TSR hurdles will be included in each annual report of the Company relating to the period in which the Performance Rights are issued, and also that approval of the issue was obtained under Listing Rule 10.14.

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without Shareholder approval.

## 9.2 ASX Listing Rule information

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed issues:

- (a) The persons to whom they may be issued are Mr Nicholas Clark and Mr Gavin Rezos, both executive Directors of the Company, or their respective nominees.
- (b) The Company has obtained a waiver from ASX in respect of compliance with Listing Rule 10.15A.2. The waiver allows the Company not to include the maximum number of Performance Rights that may be issued to each of the Executives as this number is not presently ascertainable due to it being based on a formula which includes a future Share price. The waiver

was granted on the basis that the Company sets out the method by which the number of Performance Rights to be issued will be calculated.

The number of Performance Rights to be issued each year will be a number equal to the salary of the Executive for that year at the time of issue divided by a Share price equal to the five day volume weighted average price of the Company's Shares over the five trading days immediately before the Performance Rights are issued. The number of those Performance Rights that then vest into Shares in the Company will depend upon the Performance of the Company TSR against the Index Group as set out in Section 9.1 above.

- (c) The final number of Shares issued, assuming the relevant Company performance milestones are fully met, will be issued at no cost.
- (d) The Performance Rights will be issued for nil consideration as part of the Company's long term incentive offer to the Executives under its Performance Rights Plan. Any Shares issued on achievement of the performance milestones will be issued for nil consideration.
- (e) Under the Performance Rights Plan, Performance Rights can be issued to employees of Alexium (and its subsidiaries) and includes each of the Directors, being Gavin Rezos, Nicholas Clark, Craig Metz, Stephen Cheney, Craig Smith-Gander and Aaron Kresch. Since the Performance Rights Plan was adopted in November 2013, the following Performance Rights have been issued to the following parties under Listing Rule 10.14:

<b>Name</b>	<b>No. of Performance Rights</b>	<b>Acquisition price</b>
Nicholas Clark	8,000,000	Nil
Gavin Rezos	6,250,000	Nil

- (f) As no consideration is payable for the Performance Rights, no loan is contemplated to be provided to the Executives.
- (g) Details of any Shares issued under Resolutions 8 and 10 will be published in each annual report of the Company relating to a period in which Shares have been issued, together with a statement that the Shares were issued under Listing Rule 10.14. Any additional persons who become entitled to participate in the Employee Share Plan after Resolutions 8 and 10 are approved and who are not named in this Notice will not participate in the Employee Share Plan until approval is obtained under Listing Rule 10.14.
- (h) Performance Rights issued under this approval will be issued no later than three years after the date of the General Meeting.

The Directors, other than Messrs Clark and Rezos recommend that Shareholders vote in favour of Resolutions 9 and 11.

### **9.3 Acceleration of vesting**

Under sections 200B and 200E of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by

shareholders or an exemption applies (for example, where the benefit does not exceed the payment limits set out in the Corporations Act, including where a benefit does not exceed one year's average base salary).

The term "benefit" is open to a wide interpretation and may include the early vesting of Performance Rights under the Performance Rights Plan. As set out in Schedule 2, early vesting may occur upon the death of a participant under the Performance Rights Plan, or upon the participant otherwise ceasing to be employed by Alexium (including by way of retirement, incapacity, redundancy, or transfer of business), or upon a takeover or change of control of the Company.

Early vesting of the Performance Rights in those circumstances may amount to the giving of a termination benefit, requiring shareholder approval in accordance with the Corporations Act. Accordingly, shareholder approval is also sought for any such benefit which Messrs Clark or Rezos may receive under the Performance Rights Plan on cessation of their employment with Alexium.

If shareholders approve the resolutions 9 and/or 11, the maximum number of Performance Rights that may vest upon cessation of employment for each of Mr Clark and Mr Rezos would be the total number of Performance Rights issued (refer above).

However, the actual number that may vest upon cessation of employment (if any) will depend on a range of factors. Accordingly, the value of any consequent benefit that may be received as a result of early vesting upon cessation of employment cannot presently be ascertained. Matters, events and circumstances that will, or are likely to, affect the calculation of that value include the following:

- the number of unvested Performance Rights held by Mr Clark or Mr Rezos (as applicable) prior to the cessation of employment;
- the extent to which the relevant performance hurdles are met at the time;
- the period that has elapsed at that time since the effective grant date of the Performance Rights;
- the reasons for cessation of employment;
- the number of Performance Rights that vest; and
- the Company's share price at the date of vesting.

The Company will calculate the value of the benefit as being equal to the value of the number of Performance Rights that vest early, where that value is determined on the basis of the prevailing share price of the Company at the time.

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## **10. RESOLUTION 12 – NON-EXECUTIVE DIRECTORS' FEES**

ASX Listing Rule 10.17 and clause 13.7 of the Constitution require that the maximum total aggregate remuneration that may be paid to Non-Executive Directors of the Company be set by the Shareholders in general meeting.

The current Non Executive Director fee pool was set in 2006. The Company now wishes to have the flexibility within the fee pool to attract new US based directors to address gender diversity, additional board skills and experience and to have the fee pool denominated in US dollars given that is the main currency in which

revenues are earned and the United States is the main location of operations of the Company.

Clause 13.7 of the Constitution provides that the Company may pay to the Non-Executive Directors a maximum total amount of Director's fees, determined by the Company in General Meeting. For this purpose the Board is seeking the approval of Shareholders to increase the Non-Executive Directors' fee pool from \$250,000 to US\$375,000.

This has been determined after reviewing similar companies listed on ASX and in the United States and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies. Shareholders should note that the Directors do not presently intend to distribute any of the increased amount (if approved) to Directors in the current year, rather it will assist in accommodating any increase in the number of Directors and provide the flexibility to allow payment of appropriate fees over time.

In the last three years, the Company has issued 2,500,000 Options to its Non-Executive Directors.

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## GLOSSARY

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**\$** 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.

**Group** means the Company and its subsidiaries.

**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.

**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 2016.

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

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**TSR** means total Shareholder Return.

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

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## SCHEDULE 1 – SUMMARY OF TERMS OF EMPLOYEE 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) **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.
- (h) **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.
- (i) **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.
- (j) **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).
- (k) **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.
- (l) **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.
- (m) **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 – TERMS AND CONDITIONS OF ALEXIUM 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 (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.

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## **SCHEDULE 3 – SUMMARY OF SHORT TERM AND LONG TERM INCENTIVE HURDLES**

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### **Short Term Incentives:**

The Remuneration Committee will recommend annual short term incentive plan (STIP) hurdles to the full Board for approval in relation to senior executives and eligible staff.

The key elements of STIP are that the executive may earn 40% of salary by achieving at or above target against set metrics and up to 100% of salary on achieving set stretch targets.

The Remuneration Committee will set hurdles as follows:

1. Group Financial Performance Targets;
2. Group Sustainability Targets; and
3. Growth Measures via Individual performance against set individual growth objectives.

The STIP aims to provide an incentive to participants whilst driving shareholder value creation and promoting equity ownership by providing awards partly in cash and partly in deferred equity at risk of forfeiture.

### **Performance measures and targets**

STIP performance measures and targets are set on an annual basis under the categories of Financial Performance, Sustainability and Growth. The process for setting all targets is a rigorous one, and measures and targets are subject to the approval of the Board. STIP performance measures are linked to the Company's corporate plan and prevailing industry dynamics to ensure that maximum shareholder returns are being provided to investors.

### **Financial Performance**

The performance measures include sales targets, earnings, cash flow, investment, and cost control. The targets take into account the adequacy of challenge, minimum expected levels of return to shareholders, and business objectives. Targets reflect business expectations at that time and may depend on economic and market conditions. The Board, in all years, may exercise discretion (up or down) if circumstances eventuate that are different enough to expectations at the start of the year to warrant such discretion.

### **Sustainability**

Sustainability targets relate to safety and environmental objectives and are set based on a combination of industry best practice and continual improvement versus the prior year performance.

### **Growth**

Individual objectives that advance the Company's longer term prospects – which 'make a difference' – are referred to as 'Growth objectives' and are set at a stretch level. Individual Growth objectives are linked to major business opportunities and risks from the Corporate Plan and business priorities for the year ahead. Executive Chairman and Managing Director Growth objectives are reviewed and approved by the Board.

## **Weighting**

The STIP is to be broken into two elements – 60% based on objective criteria relevant to the financial performance of the company, 10% based on group sustainability, and 30% based upon personal annual targets.

Personal annual targets to include the following elements:


- Achievement of, or progress to, a US listing;
- Growth of sales and sales forces in rest of world outside the USA;
- Development of new products and new markets;
- Introduction of new institutional shareholders to the Company's share register;
- Successful lobbying for the achievement of legislative change to support the Company's product portfolio;
- Appropriate and successful public and investor relations;
- Development of direct report executives under the leadership and management of the Executive; and
- Personal growth and development targets as an executive of the company.



Alexium International Group Limited  
ABN 91 064 820 408

## Lodge your vote:

 **Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

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### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

**Control Number: 139004**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 2:00pm (Perth time) Saturday, 19 November 2016**

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## Signing Instructions for Postal Forms

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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 form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Alexium International Group Limited hereby appoint

☐

the Chairman  
of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Alexium International Group Limited to be held at The office of Grant Thornton, Level 1, 10 Kings Park Road, West Perth, Western Australia on Monday, 21 November 2016 at 2:00pm (Perth time) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 4 - 12 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 - 12 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 4 - 12 by marking the appropriate box in step 2 below.

### STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Re-approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval to issue incentive shares to executive – Nicholas Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Craig Metz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval to issue long term incentives to executive – Nicholas Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of 2015/2016 Remuneration Shares to Nicholas Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval to issue short term incentive shares to executive – Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of 2015/2016 Remuneration Shares to Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Approval to issue long term incentives to executive – Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Adoption of Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12	Non-Executive Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN

**Signature of Securityholder(s)** *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date

/ /

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