



DISCLAIMER

This document is not for distribution in the US and alone or with collateral documents does not constitute an offer or an invitation to participate in the issue of securities of Alexium. Any statements, opinions, projections, forecasts or other material contained in this document do not constitute any commitments, representations or warranties by Alexium or its associated entities, directors, agents and employees.

Except as required by law and only to the extent so required, directors, agents and employees of Alexium shall in no way be liable to any person or body for any loss, claim, demand, damages, costs or expenses of whatsoever nature arising in any way out of, or in connection with, the information contained in this document.

Further, should any of the information contained herein change, Alexium does not have any obligation to inform recipients of this document. This document includes certain statements, opinions, projections, forecasts and other material, which reflect various assumptions. The assumptions may or may not prove to be correct. In particular, there is a risk that the timing, scale and delivery of some of the outcomes referred to in this document will not eventuate.

ANNOUNCEMENTS/ DISTRIBUTION EMAILS

- U.S. House Supports Safer Military Uniforms
- Chemiplas Appointed Sole Distributor for Australia
- Passage of Updated Chemical Legislation
- Alexium Expands Customer Base and Applications for PCM

[Click to view email](#)

IN THIS ISSUE

MESSAGE FROM THE CEO
AND PRESIDENT

GROWTH & SALES UPDATE

R&D UPDATE

PRODUCT DEVELOPMENT

MESSAGE FROM THE CEO

Among the many interesting aspects of Australia is its distinctive coat of arms, granted to the Commonwealth by the King of England in the early 20th century. Used to signify governmental authority and ownership, the coat of arms includes a shield containing symbols of the continent's six states, supported on either side by a kangaroo and an emu, native species that share an unusual quality: neither are reportedly capable of walking backward.

Alexium has strong ties to Australia, and not simply because it is my native land. The Commonwealth is one of the many international regions where the

continent's symbols on the coat of arms, Alexium is always looking to take advantage of new opportunities, the discovery of innovative products, and the growth of shareholder value.

This issue contains encouraging news about the continued growth of our company through new applications of our proprietary chemistry and expansion into additional international markets and industries. We continue to practice company-wide quality improvements in all aspects of our operations, and we are cementing critical partnerships with distributors and clients around the globe.



Nicholas Clark
CEO



Dr. Dirk Van Hying
President

A NOTE FROM THE PRESIDENT

The numerous avenues for Alexium's growth are key to our strategy and give us multiple ways to command the market for our products in the specialty chemical industry. Two recent success stories demonstrate our growing presence:

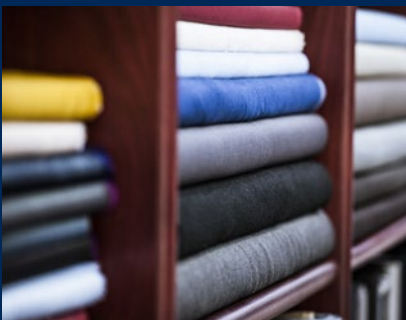
- We gained further traction in the upholstery sector of the home furnishings market last week with a sales agreement for a custom formulation of Alexiflam. This will be used by our new client to provide environmentally friendly flame retardancy to high-end fabrics.
- Applications for Alexicool, our phase change material solution that gives fabrics a cool feel to the touch, have been growing, as manufacturers look to use Alexicool for more than just bedding, linens and apparel. Non-textile applications are now being evaluated.
- Alexium's Alexicool product has recently passed critical requirements for use in the apparel market, and we are working with a major brand to launch our product with them during the second half of this year.

In short, we are seizing opportunities in new industries, broadening the applications of our product line, and expanding in new territories through our distribution partners' successful sales efforts.

In fact, over 40 percent of the current sales pipeline is from our distribution network. These partners have relationships with established companies around the world and are having excellent progress with Alexium's eco-friendly flame retardants.

With the move of our operations to a new facility in the third quarter of 2016, we will be well equipped and organized to manage our growing customer base. The 24,250 square foot facility is progressing well. Plumbing and electrical are complete, and work on dry wall starts next week.

We are pleased with our momentum and are on track for our growth targets for calendar year 2016.



GROWTH & SALES

Partnerships are an increasing focus as our company's visibility increases and more specialty chemical providers recognize the commitment to innovation at Alexium. Work is underway on exclusivity and licensing agreements on multiple levels of the value chain to ensure the highest level of success for our newest technology, Alexiflam NF. We are working with chemical manufacturers and fiber manufacturers toward a goal of quickly building significant market share.

As we further evaluated Alexiflam NF technology, we determined that it is effective with a number of fabric types. This has provided opportunities with new clients. Alexium's technology reduces processing stages for fabrics that are labor intensive products,

and our Alexiflam NF then gets priority in our customers' laboratories.

As Alexium's customer base grows and the product line expands, the sales approach is evolving as well. The number of face-to-face meetings with prospective customers is increasing as a result of more referrals from current clients. Efforts are underway to enhance the sales culture while also servicing and supporting current customers effectively. The sales pipeline has increased by three times since January, and there are large number of customers in the final stage of the sales cycle. Our plan is to add to the sales team in order to have sufficient resources to close these opportunities.

OVERVIEW BY SECTOR



Bedding/decorative fabrics – Alexium has a significant competitive advantage with Alexicool, and a number of different applications have been identified with companies in the bedding market. Alexium is now in production or full-scale trials with six global mattress fabric finishers which represent 66% of the market.



Outdoor – Major players serving the outdoor recreation market are working with Alexium and are in the process of validating and/or regulatory approval. Plant trials are scheduled overseas.



Transportation – Work with major auto body cloth supplier in U.S. and Italy is on track and commercialization is imminent. Alexium is also engaged with companies in the transportation sector that are located in Japan, Thailand and Indonesia; many of the opportunities are referrals from others in the transportation upholstery market.



Resins, Films and Polymers – Alexium has made significant inroads into this market, and an electronics manufacturer is in final UL testing before launch. Other specialty chemical companies are also partnering with Alexium to serve this sector.



Military – In addition to the U.S. military, Alexium is working with other countries on military uniforms of various fabrics. A joint effort with Alexium and the U.S. Department of Defense for 50/50 nylon/cotton uniforms is to wrap up within six months. Alexium is also engaged with manufacturers of goggle strapping and gloves.

RESEARCH & DEVELOPMENT

Commercialization of Alexiflam NF, a durable fire retardant solution for cotton and cotton blends is progressing well. The first large scale, multi-ton batch of Alexiflam NF will be manufactured in mid-June to have ample product to support trial production runs for customers and provide a validation of our process. Working with environmental chemistry consultants, a strategy has been mapped out to ensure that Alexiflam NF is regulatory compliant and that is moving

forward quickly. Work has been done to further expand Alexiflam NF's potential markets. Following the confirmation of the Company's results by third party facilities, R&D plans to announce next month a new market that Alexiflam NF can be applied where other FR cotton treatments cannot.



Dr. Bob Brookins
VP of Research & Development

PRODUCT DEVELOPMENT

At Alexium, developing customized solutions for our customers is a top priority, and Product Development (PD) continues to collaborate closely with our clients and our sales team to understand our customers' business needs.

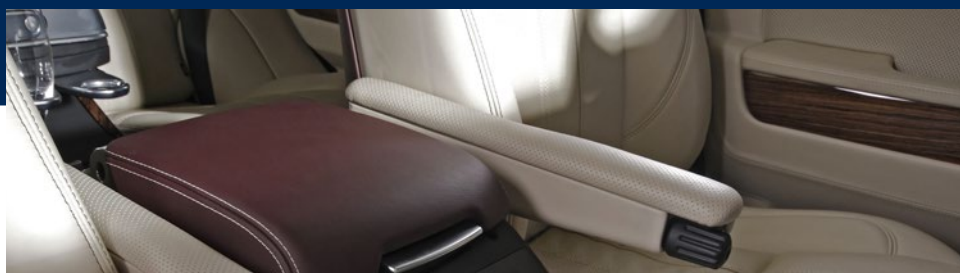
Large scale trials remain a primary focus, and in June, several successful trials of NyCo, the fire retardant solution for nylon cotton blends primarily for military uniforms, were completed. Trials are scheduled for Alexium's automotive interior

fabrics coating and for Alexiflam TR, a semi-durable cotton treatment that provides flame retardant, water repellent and anti-microbial performance.

To meet growing customer demand, PD has scheduled several commercial-scale runs of Alexicool at toll manufacturers across the U.S. and Europe. Through the efforts of PD, the durability of Alexicool continues to increase, now achieving 25 home launderings.



Jonus Larue
Vice President



www.AlexiumInternational.com

ASX: AJX

Corporate Headquarters

Alexium International Group Limited
Level 11, 125 St George Terrace,
Perth, WA 6000 Australia
PO Box 512 Cottesloe WA
6911 Australia

Phone: +61 (08) 9384 3160
Fax: +61 (08) 6314 1623

Operating Headquarters

Alexium Inc.
Alexium International Group Limited
148 Milestone Way
Suite B
Greer, South Carolina 29615 USA

Phone: +1 864 254 9923
Fax: +1 864 752 6465