

18 February 2020

Ms Anjuli Sinniah
Senior Advisor
Listings Compliance (Perth)

By email: ListingsCompliancePerth@asx.com.au

Dear Ms Sinniah

Response to Appendix 4C Query

The Company's recent successful \$A22.3m capital raising restructured and strengthened the Company's balance sheet to eliminate expensive debt and provided working capital to support strategic growth. In addition, as a result of the raise, the Company has a new cornerstone strategic investor, new long-term institutional and sophisticated investors and the resources to support faster execution to transition AJX to a high growth performance chemical company.

Further to your letter dated 13 February 2020, the Company provides the following responses to the queries raised therein.

1. Does AJX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

AJX completed a capital raise in the month of January (in accordance with the Prospectus issued on 27 November 2019) that has added approximately U\$3.7M (A\$5.7M) cash in the current quarter before capital raising costs. As part of the capital raise, the Company repaid its previous debt facility and entered into a new convertible note with significantly reduced interest costs.

In addition, AJX has had consistent cash inflows from sale of products in each recent quarter's between U\$1.8m and U\$2.1m.

These two inflows less the estimated cash outflows reported on the 4C will increase cash between U\$2.6m and U\$2.9m before capital raising costs placing our end cash balance around U\$5.1m to U\$5.4m by the end of the quarter before capital raising costs, interest payments and capitalized investments. It is also noted that U\$1.7m of estimated cash outflows is for raw material purchases and manufacturing costs which are variable costs depending on our expected sales which is managed through a Sales and Operating Planning process.

Accordingly, the Directors are satisfied that the Company will not have negative net cash flows at the end of the current quarter.

- 2. Has AJX taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

Please refer to our response to question 1 above.

- 3. Does AJX expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

Please refer to our response to question 1 above.

- 4. Please confirm that AJX is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.**

The Directors are satisfied that the Company is in compliance with Listing Rule 3.1 above and makes reference to the following announcements:

- 27 November 2019 – Issue of Prospectus
- 11 December 2019 – Letter to Shareholders from the Chair
- 17 January 2020 – Repayment of GPB Debt & New Convertible Note with CCP
- 31 January 2020 – Quarterly 4C

As mentioned above, the 4C form only forecasts outflows and does not give consideration for inflows. AJX has consistently completed the 4C with the most up to date information and has been consistent with its estimates.

- 5. Please confirm that AJX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AJX with delegated authority from the board to respond to ASX on disclosure matters.**

AJX's responses to the questions above have been authorised and approved by the Board of AJX.

Yours faithfully



Maja McGuire
Company Secretary

FOR AND ON BEHALF OF
Alexium International Group Ltd



13 February 2020

Reference: ODIN12628

Miss Maja McGuire
Company Secretary

By email: mmcguire@alexiuminternational.com

Dear Miss McGuire

Alexium International Limited ('AJX'): Appendix 4C Query

ASX refers to AJX's Appendix 4C quarterly report for the period ended 31 December 2019 lodged with the ASX Market Announcements Platform and released on 31 January 2020 (the 'Appendix 4C').

ASX notes that AJX has reported:

- negative net operating cash flows for the quarter of \$1,095,000;
- cash at the end of the quarter of \$3,126,000; and
- estimated cash outflows for the next quarter of \$2,876,000.

It is possible to conclude, based on the information in the Appendix 4C, that if AJX were to continue to expend cash at the rate indicated by the Appendix 4C, AJX may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks AJX to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does AJX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has AJX taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does AJX expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that AJX is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that AJX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AJX with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that AJX considers may be relevant to ASX forming an opinion on whether AJX is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Tuesday, 18 February 2020**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in AJX's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AJX's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to AJX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that AJX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in AJX's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Anjuli Sinniah
Senior Adviser, Listings Compliance (Perth)