

Full Repayment of Debt to GPB and Details on New Convertible Note with Colinton Capital Partners

Highlights

- Alexium has fully repaid the debt of US\$ 9.47m to GPB
- Debt repayment and the provision of working capital to accelerate growth opportunities were the key objectives of the Company's recent successful capital raise of A\$ 22.3m announced on 27 November 2019
- Colinton Capital Partners, a well-regarded mid-market growth investor, committed total funding of up to A\$10.85m via equity and a convertible note as part of the capital raise
- Details of the Colinton Capital Partners Convertible Note with reduced principal and interest rate are provided below

Perth (Australia), Greer (South Carolina, US) – 17 January 2020: Alexium International Group Limited (ASX: AJX) is pleased to announce that it has fully repaid the debt of US\$ 9.47m to GPB Debt Holdings II LLC (GPB) and Alexium has been released from all terms and obligations under the debt instrument.

The repayment of the GBP debt was a key objective of the Company's recent successful capital raise announced on 27 November 2019.

This announcement also provides details on the convertible note Alexium has entered into with Colinton Capital Partners (CCP) which was also a component of the capital raise.

Repayment of Debt to GPB and Establishment of Convertible Note Subscription Agreement

The Company has recently conducted a capital raise in order raise funds to repay the US\$9.47m debt with GPB and to fund working capital thereby strengthening the Company's Balance Sheet. The additional working capital will support execution of the Company's Strategy and in particular enable management to capitalise on accelerating growth opportunities for its products in the PCM and flame-retardant markets.

We are pleased to announce that the debt to GPB was fully repaid on 31 December 2019. With termination of this debt, the Company has now been released from its obligations and liabilities to GPB Debt Holdings II, LLC which included an interest rate of 13.5% and high transaction costs.

Under the terms of the capital raise, the Company has now entered into a Convertible Note Subscription Agreement with CCP. The terms of the note are as follows:

- A 6% senior secured Convertible Note for the subscription price of A\$5.15m.

- The ability to subscribe for a further note (Additional Note) of A\$1.3m on the same terms. The obligation to issue the Additional Note will only arise should Shareholders not approve Tranche 2 of the Placement at the Company's upcoming Extraordinary General Meeting on 22 January 2019.
- The term of the note is four years with cash interest paid quarterly.
- The Convertible Note Subscription Agreement otherwise contains provisions considered standard for an agreement of this nature (including representations and warranties).
- The Convertible Note is not capable of being converted into Shares in the Company without the Company's Shareholders first having approved the Convertible Note in accordance with the Listing Rules.
- The Convertible Note may not be converted if it would cause the voting power of CCP to exceed a 19.9% holding in the Company.
- Where CCP is not capable of converting all or a portion of the Convertible Note into Shares because of this clause, the Company will issue a new note to CCP for the outstanding balance, on the same terms as the existing Convertible Note, noting that the new note will not be capable of being converted into Shares.
- The conversion price of the Convertible Note is A\$0.075 per Share.

The Company notes that it is not seeking Shareholder Approval for the Convertible Note at the forthcoming General Meeting which is being held at 11am (EDST) on Wednesday 22 January 2019.

Colinton Capital Partners

CCP is a mid-market growth investor and partners with business owners and senior management to unlock the growth potential of those businesses. CCP is regarded as a constructive investor, leveraging their team's experience to add value to the businesses they invest in.

CCP's investment mandate is to invest in growing businesses with: strong market positions with multiple avenues for growth; capable management teams; and, enterprise values from \$20m to \$200m. CCP's current portfolio includes AMS Group, DIMEO and AMA Group Limited.

Simon Moore, Senior Partner with CCP, will join Alexium's Board of Directors.

About Alexium International Group Limited

Alexium International Group Limited (ASX: AJX) holds proprietary patent applications for novel technologies developed to provide flame retardancy for a wide range of materials. These environmentally friendly flame retardants have applications for several industries and can be customized. Further, Alexium develops proprietary products for advanced thermoregulation utilizing phase change materials. Applications under development include but are not limited to textiles, packaging, electronics, and building materials. Alexium's chemical treatments are currently marketed as Alexiflam® and Alexicool®. For additional information about Alexium, please visit www.alexiuminternational.com.

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