
ALEXIUM INTERNATIONAL GROUP LIMITED

ACN 064 820 408

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.30 am

DATE: November 10, 2014

PLACE: BDO
38 Station Street
Subiaco, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

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

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30 am (WST) on 10 November 2014 at:

BDO, 38 Station Street, Subiaco, Western Australia

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.30 am (WST) on 8 November 2014.

VOTING IN PERSON

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

VOTING BY PROXY

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

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

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and

- a member 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.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

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

Further detail on these changes is set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2013.”

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

Voting Prohibition Statement:

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

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

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

3. RESOLUTION 2 – 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.”

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES – ASX LISTING RULE 7.4

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 7.4 and for all other purposes, Shareholders ratify the issue of 25,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. 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.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

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

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and 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 person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will 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.

6. RESOLUTION 5 – ISSUE OF SHARES TO RELATED PARTY – 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 664,894 Shares to Gavin Rezos (or his nominee/s) 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/s) 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:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 6 – ISSUE OF SHARES TO RELATED PARTY – 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 664,894 Shares to Nicholas Clark (or his nominee/s) 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/s) 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:
 - (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:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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

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

“That, for the purposes of ASX Listing Rule 10.14, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 3,000,000 Performance Rights to Nicholas Clark (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are 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:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – GAVIN REZOS

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

“That, for the purposes of ASX Listing Rule 10.14, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 2,500,000 Performance Rights to Gavin Rezos (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are 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:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 750,000 Options to Craig Smith Gander (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 Craig Smith Gander (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
 - (v) 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:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 24 September 2014

BY ORDER OF THE BOARD

**CAMERON MAITLAND
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://alexiuminternational.com/>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

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

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint any other person as your proxy

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

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

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 year, whichever is the longer. This rule does not apply to the managing director (but if there is more than one managing director, only one is entitled not to be subject to re-election).

Clause 13.2 of the Constitution provides that:

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

The Company currently has 3 Directors. Accordingly 1 must retire by rotation.

Gavin Rezos, the Director longest in office since his last election, will retire by rotation and seek re-election.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES – ASX LISTING RULE 7.1

4.1 General

On 11 February 2014, the Company issued 25,000,000 Shares at an issue price of \$0.15 per Share to raise \$3.75 million.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

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 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) 25,000,000 Shares were issued;
- (b) the Shares were issued at an issue price of \$0.15 per Share, representing a 15% discount to the last closing price of Shares on 30 January 2014;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to institutional and sophisticated investors who were clients of Baker Young Stockbrokers Limited, none of whom were related parties of the Company; and
- (e) \$3.75 million was raised from this issue, and has been used to accelerate commercialization of the Company's various fire retardant products, to increase staff and resources being applied to the various fire retardant and reactive surface treatment product pipelines, to allow the Company to expand the number of third parties they can negotiate with in regard to additional contract and/or licence agreements in new materials and products, and to strengthen the Company's balance sheet which will assist in upcoming potential contract and/or licence negotiations.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 4, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in

accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 5.2).

The effect of Resolution 4 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period of up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

5.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities without shareholder approval in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of \$32,493,533 based on the Shares on issue at the date of this Notice and the last trading price of Shares on ASX immediately prior to the date of this Notice of \$0.155.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 1 class of quoted Equity Securities on issue, being the Shares (ASX Code: AJX).

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement to issue:
- (i) plus the number of Shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the 12 months;
 - (iii) plus the number of Shares issued in the 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and

(iv) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

5.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 5.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity for the period commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2).

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0755 50% decrease in Issue Price	\$0.155 Issue Price	\$0.31 100% increase in Issue Price
184,635,702 (Current Variable A)	Shares issued - 10% voting dilution	18,463,570 Shares	18,463,570 Shares	18,463,570 Shares
	Funds raised	\$1,393,999	\$2,861,853	\$5,723,706
276,953,552 (50% increase in Variable A)	Shares issued - 10% voting dilution	27,695,355 Shares	27,695,355 Shares	27,695,355 Shares
	Funds raised	\$2,090,999	\$4,292,780	\$8,585,560
369,271,404 (100% increase in Variable A)	Shares issued - 10% voting dilution	36,927,140 Shares	36,927,140 Shares	36,927,140 Shares
	Funds raised	\$2,787,999	\$5,723,706	\$11,447,413

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

1. The number of Shares on issue comprises 209,635,702 Shares as at the date of this Notice; and
2. The issue price set out above is the last trading price of the Shares on ASX immediately prior to the date of this Notice, being \$0.155 on 23 September 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has issued 25,750,000 Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. It is assumed that no Options are exercised or Performance Shares or Convertible Notes converted into Shares before the date of issue of any Shares pursuant to ASX Listing Rule 7.1A.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to by reason of placements under the 10% Placement Capacity. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

- (i) the market price for Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) for cash consideration, in which case the Company intends to use funds raised for the continued development of the Company's existing fire retardant products to move into new sectors including building materials, the acquisition of new assets, and general working capital; or
- (ii) as non-cash consideration for the development of joint ventures involving the Company aimed at expanding the potential of the Company's environmentally friendly fire retardant solutions into plastics to replace brominated and halogenated chemicals. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and

- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company has not issued any Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 25 November 2013, the Company issued a further 43,963,309 Shares, 750,000 unlisted Options and 8,600,000 unlisted performance rights which represents approximately 21.45% of the total diluted number of Equity Securities on issue in the Company on 24 September 2014, which was 248,445,702.

For the purposes of calculating the above percentage, the number of Shares to which the Convertible Notes comprising Equity Securities may convert is calculated using a conversion price equal to the face value of the Convertible Notes, i.e. \$0.10 per Share. It is noted that the conversion price is not determined until the date notice of conversion is given by a Noteholder to the Company and, as such, the maximum number of Shares issued on conversion of all Convertible Notes may be greater where the conversion price is ultimately lower than \$0.10.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market.

5.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

6. RESOLUTION 5 – ISSUE OF SHARES TO RELATED PARTY – GAVIN REZOS

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 664,894 Shares (**GR Related Party Shares**) to Gavin Rezos (or his nominee/s) in lieu

of salary of \$100,000 owing to Gavin Rezos for services provided to the Company and otherwise on the terms and conditions set out below.

Mr Rezos last sought and was granted approval by Shareholders for an issue of Shares in lieu of \$100,000 of his salary in November 2013. The Company did not seek Shareholder approval for a similar equity issue in 2012 and, in addition, Mr Rezos agreed to forgo \$100,000 of his salary for the 2012 year in order to help minimise the cash expenses of the Company.

Resolution 5 seeks Shareholder approval for the issue of the GR Related Party Shares.

6.2 Chapter 2E of the Corporations Act

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

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

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

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

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

6.3 ASX Listing Rule 10.11

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

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

6.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 5:

- (a) The GR Related Party Shares will be issued to Gavin Rezos (or his nominee/s);

- (b) the number of GR Related Party Shares to be issued is 664,894 Shares, being equal to \$100,000 divided by the issue price of \$0.1504 and rounded to the nearest whole Share;
- (c) the GR Related Party Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the GR Related Party Shares will occur on the same date;
- (d) the deemed issue price per Share will be \$0.1504 being equal to the volume weighted average closing price of Shares on ASX in the 30 trading days immediately prior to the date of this Notice;
- (e) the GR Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the GR Related Party Shares as they are being issued in lieu of salary of \$100,000 owing to Gavin Rezos for services provided to the Company.

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

7. RESOLUTION 6 – ISSUE OF SHARES TO RELATED PARTY – NICHOLAS CLARK

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 664,894 Shares (**NC Related Party Shares**) to Nicholas Clark (or his nominee/s) in lieu of salary of \$100,000 owing to Nicholas Clark for services provided to the Company and otherwise on the terms and conditions set out below.

Resolution 6 seeks Shareholder approval for the issue of the NC Related Party Shares.

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

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

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

7.2 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 6:

- (a) the NC Related Party Shares will be issued to Nicholas Clark (or his nominee/s);
- (b) the number of NC Related Party Shares to be issued is 664,894 Shares, being equal to \$100,000 divided by the issue price of \$0.1504 and rounded to the nearest whole Share;
- (c) the NC Related Party Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the NC Related Party Shares will occur on the same date;
- (d) the deemed issue price per Share will be \$0.1504 being equal to the volume weighted average closing price of Shares on ASX in the 30 trading days immediately prior to the date of this Notice;
- (e) the NC Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the NC Related Party Shares as they are being issued in lieu of salary of \$100,000 owing to Nicholas Clark for services provided to the Company.

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

8. RESOLUTIONS 7 AND 8 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES – NICHOLAS CLARK & GAVIN REZOS

8.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 5,500,000 performance rights pursuant to the employee incentive scheme titled "*Alexium Performance Rights Plan*" (**Plan**) (**Performance Rights**), the terms of which are set out at schedule 2 hereto (**Related Party Performance Rights**) to Nicholas Clark (or his nominee/s) and Gavin Rezos (or his nominee/s) (**Related Parties**) on the terms and conditions set out below. The "*Alexium Performance Rights Plan*" was approved at the annual general meeting of the Company held on 25 November 2013.

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

Mr Rezos previously held 2,500,000 performance shares as approved by Shareholders on 29 January 2010 but which have subsequently lapsed. Mr Rezos was previously issued 2,500,000 Performance Rights and Mr Clark was previously issued 3,000,000 Performance Rights, each pursuant to Shareholder approval

granted at the annual general meeting of the Company held on 25 November 2013 (**Prior Performance Rights**). The milestones for the Prior Performance Rights were all met, save for the milestone relating to share price appreciation which was a mandatory milestone. As such, in the event that this share price appreciation milestone is not met by 31 December 2014, being the end date of the period for satisfaction of milestones applicable to the Prior Performance Rights, the Prior Performance Rights will lapse.

Details of the milestones specific to the Related Party Performance Rights are set out in Schedule 3.

8.2 Chapter 2E of the Corporations Act

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

A quorum of Directors could not be formed to consider whether the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act. Consequently, Shareholder approval pursuant to Chapter 2E of the Corporations Act is required.

8.3 ASX Listing Rule 10.14

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

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

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

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to Resolutions 7 and 8:

- (a) the related parties are Nicholas Clark and Gavin Rezos and they are each a related party of the Company by virtue of being a Director;
- (b) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 3,000,000 Related Party Performance Rights to Nicholas Clark (or his nominee/s); and
 - (ii) 2,500,000 Related Party Performance Rights to Gavin Rezos (or his nominee/s);
- (c) it is expected that the Related Party Performance Rights will be issued as soon as practicable after Shareholder approval is obtained and, in any event, no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX

Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date;

- (d) the Related Party Performance Rights will be issued for nil cash consideration and no cash consideration will be payable upon the vesting of the Related Party Performance Rights or the subsequent issue of Shares (if any). Accordingly, no funds will be raised from the issue or vesting of the Performance Rights;
- (e) other than as set out herein, no Performance Rights have previously been issued under the Plan to a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained;
- (f) as at the date of this Notice, the Related Parties are the only persons covered by ASX Listing Rule 10.14 that the Board has declared to be eligible to be issued Performance Rights under the Plan (i.e. a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained);
- (g) the value of the Related Party Performance Rights and the pricing methodology is set out in Schedule 4;
- (h) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options	Convertible Notes
Nicholas Clark	2,099,900	2,000,000 ¹	Nil
Gavin Rezos	18,694,866	6,500,000 ²	Nil

¹ Options exercisable at \$0.15 each on or before 31 December 2015.

² 2,500,000 Options exercisable at \$0.30 each on or before 31 December 2014, 2,000,000 Options exercisable at \$0.15 each on or before 31 December 2015 and 2,000,000 Options exercisable at \$0.08 each on or before 31 December 2016.

- (i) the remuneration and emoluments from the Company to the Related Parties for the previous two financial years and the proposed remuneration and emoluments for the current financial year (on a full year basis) are set out below:

Related Party	Financial Year 30 June 2013	Financial Year 30 June 2014	Financial Year 30 June 2015
Nicholas Clark	AU\$123,941	AU\$286,887	US\$190,000
Gavin Rezos	AU\$72,342	AU\$132,812	US\$100,000

- (j) if the Related Party Performance Rights issued to the Related Parties convert into Shares, a total of 5,500,000 Shares would be issued. This will increase the number of Shares on issue (as at the date of this Notice) from 209,635,702 to 215,135,702 (assuming that no Options are exercised, Convertible Notes converted and no Shares are issued) with the effect that the shareholding of existing Shareholders would be

diluted by an aggregate of 2.56%, comprising 1.18% by Nicholas Clark and 1.41% by Gavin Rezos.

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.19	20 November 2013 and 6, 14, 16, 28 and 29 January 2014
Lowest	\$0.082	23 July 2014
Last	\$0.155	23 September 2014

- (l) the primary purpose of the grant of the Related Party Performance Rights pursuant to Resolutions 7 and 8 is to provide a performance linked incentive component in the remuneration package for Nicholas Clark and Gavin Rezos to motivate and reward their performance in their respective roles as Directors;
- (m) Nicholas Clark declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Rights in the Company should Resolution 7 be passed. However, Nicholas Clark recommends that Shareholders vote in favour of Resolution 8 for the following reasons:
- (i) the issue of the Related Party Performance Rights to the Related Parties, in particular, the vesting conditions and performance milestones, will better align the interests of the Related Parties with those of Shareholders by directly and transparently linking executive remuneration with strategy and performance by aligning incentives with achievement of the Company's strategic objectives and longer term Shareholder return;
 - (ii) the issue of the Related Party Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
 - (iii) the issue of the Related Party Performance Rights is a key retention tool; and
 - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Performance Rights upon the terms proposed;
- (n) Gavin Rezos declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Performance Rights in the Company should Resolution 8 be passed. However, Gavin Rezos recommends that Shareholders vote in favour of Resolution 7 for the reasons set out in paragraph 8.4(m)(i) to 8.4(m)(iv) ;

- (o) Craig Smith-Gander does not have a personal interest in the outcome of Resolutions 7 or 8. Craig Smith-Gander recommends that Shareholders vote in favour of Resolutions 7 and 8 for the reasons set out in paragraph 8.4(m)(i) to 8.4(m)(iv)
- (p) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Performance Rights to be issued as well as the performance hurdles and expiry date of those Related Party Performance Rights; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 7 and 8.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights the subject of Resolutions 7 and 8 as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of the Related Party Performance Rights the subject of Resolutions 7 and 8 will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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

9.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 750,000 Options (**Related Party Options**) to Craig Smith Gander (or his nominee) on the terms and conditions set out below.

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

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

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

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

The Directors (other than Craig Smith Gander who has a material personal interest in the Resolution) consider that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Related Party Options to Craig Smith Gander.

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

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

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

- (a) the Related Party Options will be granted to Craig Smith Gander (or his nominee);
- (b) the number of Related Party Options to be issued is 750,000;
- (c) the Related Party Options 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;
- (d) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Related Party Options are set out in Schedule 5;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 6;
- (g) Craig Smith Gander (or his nominee) currently holds 585,166 Shares, 1,000,000 Options exercisable at \$0.15 on or before 31/12/15 and 500,000 Options exercisable at \$0.08 on or before 31/12/16;
- (h) the remuneration and emoluments from the Company to Craig Smith Gander for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year 2014	Previous Financial Year 2013
Craig Smith Gander	AU\$33,750 (comprised of salary and fees, superannuation payments and share based payments)	AU\$33,073 (comprised of salary and fees, superannuation payments and share based payments)

- (i) if the Related Party Options granted to the Related Parties are exercised, a total of 750,000 Shares would be issued. This will increase the number of Shares on issue from 209,635,702 to 210,385,702 (assuming that no Options are exercised, Convertible Notes converted and no Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.356%.

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

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is as set out at section 8.4(k):

- (k) the Board acknowledges the grant of Related Party Options to Craig Smith Gander is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to Craig Smith Gander reasonable in the circumstances for the reason set out in paragraph 8.4(m);
- (l) the primary purpose of the grant of the Related Party Options to Craig Smith Gander is to provide a performance linked incentive component in the remuneration package for Craig Smith Gander, to motivate and reward the performance of Craig Smith Gander in his role as Director;
- (m) Craig Smith Gander declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 9 be passed. However, the remaining Directors recommend that Shareholders vote in favour of Resolution 9 for the following reasons:
 - (i) the grant of Related Party Options to Craig Smith Gander will align the interests of Craig Smith Gander with those of Shareholders;
 - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Craig Smith Gander; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (n) with the exception of Craig Smith Gander, no other Director has a personal interest in the outcome of Resolution 9;
- (o) in forming their recommendations, each Director considered the experience of Craig Smith Gander, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of the Related Party Options; and
- (p) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 9.

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

GLOSSARY

10% Placement Capacity has the meaning given in Section 5.1.

\$ means Australian dollars.

Annual General Meeting means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

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.

Convertible Notes means a convertible security issued by the Company which may be converted into one or more Shares if not previously redeemed by the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Managing Director means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

Noteholder means a holder of a Convertible Note.

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

Option means an option to acquire a Share.

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

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 2013.

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 holder of a Share.

Variable A means "A" as set out in the calculation in Section 5.2.

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

SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 25 NOVEMBER 2013

Date¹	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable)	Form of consideration
Issue – 1 Sept 2014 Appendix 3B – 1 September 2014	7,610,267	Shares ¹	Holders of convertible notes in the Company (being clients of Baker Young Stockbrokers Limited) upon conversion of the notes	Deemed issue price of \$0.085, representing a 45.2% discount to Market Price ²	Non- cash consideration: Conversion of debt (being convertible notes approved at the Company's 2013 AGM) of \$643,000
Issue – 1 Sept 2014 Appendix 3B – 1 September 2014	750,000	Unquoted Options ⁴	Baker Young Stockbrokers Limited	nil	Non-cash Consideration: An advisory fee in relation to corporate advisory services rendered. Current Value = \$28,383.45 ³
Issue – 12 March 2014 Appendix 3B – 13 March 2014	9,999,832	Shares ¹	Participants in the share purchase plan announced on 4 February 2014 and 11 February 2014	\$0.15 representing a 9.1% discount to Market Price ²	Cash Amount raised = \$1.5 million Amount spent = \$500,000 Use of funds: toward growing the Company's sales capability and increasing its laboratory and sample production facility. Amount remaining = \$1,000,000 Proposed use of remaining funds: toward growing the Company's sales capability and increasing its laboratory and sample production facility ⁵
Issue – 4 February 2014 Appendix 3B – 11 February 2014	375,000	Shares ¹	Optionholders on the exercise of Options	\$0.15 (being the exercise price of the Options), representing a 14.3% discount to Market Price ²	Cash Amount raised = \$56,250 Amount spent = \$nil Amount remaining = \$56,250 Proposed use of remaining funds: toward general working capital of the Company ⁵
Issue – 11 February 2014 Appendix 3B – 11 February 2014	25,000,000	Shares ¹	Institutional and sophisticated investors participating in the placement announced on 4 February 2014 (being clients of	\$0.15 representing a 9.1% discount to Market Price	Cash Amount raised = \$3,750,000 Amount spent = \$1,250,000 Use of funds: toward acceleration of commercialisation

			Baker Young Stockbrokers Limited)		of the Company's FR products, increasing staff and resources applied to FR/RST product pipelines and expanding negotiations with additional contract/licence agreements in new materials and products. Amount remaining = \$2,500,000 Proposed use of remaining funds: toward acceleration of commercialisation of the Company's FR products, increasing staff and resources applied to FR/RST product pipelines and expanding negotiations with additional contract/licence agreements in new materials and products ⁵
Issue – 24 January 2014 Appendix 3B – 29 January 2014	200,000	Shares ¹	Holders of convertible notes in the Company upon conversion of the notes	Deemed issue price of \$0.10, representing a 41.2% discount to Market Price ²	Non- cash consideration: Conversion of debt (being convertible notes) of \$20,000
Issue – 25 November 2013 Appendix 3B – 12 December 2013	778,210	Shares ¹	Gavin Rezos (or his nominee/s)	nil	Non- cash consideration: Satisfaction of debt (unpaid salary) owing to Gavin Rezos in the amount of \$100,000 Current Value = \$120,623 ³
Issue – 25 November 2013 Appendix 3B – 12 December 2013	3,100,000	Performance Rights ⁶	Employees of the Company pursuant to the Performance Rights Plan approved at the Shareholder meeting held on 25 November 2013.	nil	n/a
Issue – 25 November 2013 Appendix 3B – 12 December 2013	5,500,000	Performance Rights ⁶	Gavin Rezos (2,500,000) and Nicholas Clark (3,000,000) pursuant to Performance Rights Plan approved at the Shareholder	nil	n/a

			meeting held on 25 November 2013.		
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Notes:

1. Fully paid ordinary shares in the capital of the Company, ASX Code: AJX (terms are set out in the Constitution).
2. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
3. In respect of Shares, the value is based on the closing price of the Shares (\$0.155) on the ASX on the trading day prior to the date of this Notice. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).
4. Unquoted Options, exercisable at \$0.18 each, on or before 13 August 2017.
5. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

SCHEDULE 2 – KEY TERMS AND CONDITIONS OF THE ALEXIUM PERFORMANCE RIGHTS PLAN

Eligible Participants: All Directors who hold salaried employment with the Company (or another entity within the Company group) and full and part time employees of the Company (or another entity within the Company group) are eligible to participate in the Alexium Performance Rights Plan.

Offers: The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Alexium Performance Rights Plan and on such additional terms and conditions as the Board determines. Unless the Board otherwise determines, an Eligible Participant will not be required to make any payment in return for the grant of Performance Rights

Performance Rights: Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one Share.

Not transferrable: Performance Rights are only transferrable with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

Vesting Conditions: The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied.

Vesting: A Performance Right will vest where Vesting Conditions are satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of:

- (a) the participant ceasing to be an Eligible Participant due to a good leaver exception (eg due to death, total and permanent disability, retirement or redundancy or financial hardship) as set out in the Alexium Performance Rights Plan; or
- (b) the Company undergoing a change in control or winding up.

Exercise of vested Performance Right: Unless the Board decides otherwise or the Performance Right automatically converts upon vesting, any vested Performance Right may be exercised within 6 months of the Board notifying the holder/Eligible Participant that the Performance Right has vested, following which the Company will issue the participant with the applicable number of Shares.

Lapse of a Performance Right: A Performance Right will lapse upon the earlier to occur of:

- (a) an unauthorised dealing in, or hedging of, the Performance Right;
- (b) a Vesting Condition in relation to the Performance Right is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception (eg due to death, total and permanent disability, retirement or redundancy or financial hardship);
- (c) a vested Performance Right is not exercised within 6 months of the Board notifying the holder/Eligible Participant that the Performance Right has vested or such lesser period as the Board decides at the time of grant;
- (d) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;

- (e) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Performance Right;
- (f) the expiry date of the Performance Right; and
- (g) the 7 year anniversary of the date of grant of the Performance Right.

Shares: Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank on equal terms with all other Shares on issue.

Quotation of Shares: If Shares of the same class as those allotted under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the disposal of Shares ends.

Share Sale Restrictions: Any Share issued to a holder on the exercise of a Performance Right must not be disposed of, or dealt with in any way, by that holder until the earlier of:

- (a) when the holder (or, where the holder is a nominee of the Eligible Participant, that Eligible Participant) ceasing to be an Eligible Participant;
- (b) the Board approving the removal of the disposal restriction under a good leaver exception (eg due to death, total and permanent disability, retirement or redundancy or financial hardship);
- (c) there is a change in control of the Company, or a voluntary resolution or order is made for the winding up of the Company; and
- (d) the 7 year anniversary of the date of grant of the Performance Right.

No Participation Rights: There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

No Change: A Performance Right does not confer the right to a change in the exercise price (if any) or the number of underlying Shares over which the Performance Right can be exercised.

Reorganisation: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

Amendments: Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Performance Right granted under the Plan including giving any amendment retrospective effect.

Restrictions on amendments: Without the consent of the Participant, no amendment may be made to the terms of any granted Performance Right which reduced the rights of the Participant in respect of that Performance Right, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake; or

- (c) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.

SCHEDULE 3 – CONVERSION TERMS OF PERFORMANCE RIGHTS

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

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

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

In order to vest, milestone 1 and any two of the other milestones will need to be achieved from the date of despatch of the Notice until 30 June 2016 (the **Period**).

1. Share Price Appreciation

The price of Shares as traded on ASX must equal or exceed \$0.187, over a 5 day volume weighted average closing price during the Period, being the price which is a 35% premium to the 60 day volume weighted average closing price per Share, calculated as at the date being 7 days before the date of the Notice.

2. Revenue of not less than \$5m for the Period

The Company must achieve at least \$5m in revenues during the Period.

3. Achieving Product Sales on 3 Products

The Company must achieve either direct product sales revenues or licencing revenues on at least 3 products during the Period.

4. Entering into Joint Ventures

The Company must enter into a new joint venture for the development of its products in the field of bromine replacement in Fire Retardants, with a recognised leader in the field, the subject of the joint venture, during the Period.

5. Product Sales for Chem/Bio Protection

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

6. United States Quotation

The Company's shares, American depositary receipts or the shares of the entity resulting from a merger of the Company and its US subsidiary being quoted on the New York Stock Exchange, the NASDAQ Securities Exchange or any

subsidiary exchanges thereof relevant to companies the size of the Company or an equivalent US Securities Exchange for technology companies of similar standing, during the Period.

7. US Department of Defense Contracts

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

SCHEDULE 4 – VALUATION OF PERFORMANCE RIGHTS

The Related Party Performance Rights to be issued to the Related Parties pursuant to Resolutions 7 and 8 have been valued by internal management.

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

Assumptions:	
Valuation date	23 September 2014
Market price of Shares	\$0.155
Price payable on vesting	Nil
Discount (probability – market based condition)	80%
Discount (unlisted status and transferability restrictions)	30%
Indicative value per Related Party Performance Right	2.17 cents
Total Value of Related Party Performance Rights	\$119,350
- <i>Nicholas Clark (3,000,000 Performance Rights)</i>	\$65,100
- <i>Gavin Rezos (2,500,000 Performance Rights)</i>	\$54,250

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

SCHEDULE 5 – TERMS OF RELATED PARTY OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.198 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 10 November 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

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

(h) **Shares issued on exercise**

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

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

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

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

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

SCHEDULE SIX – VALUATION OF RELATED PARTY OPTIONS

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

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

Assumptions:	
Valuation date	23 September 2014
Market price of Shares	\$0.155
Exercise price	\$0.198
Expiry date (length of time from issue)	3 years
Risk free interest rate	2.5%
Volatility (discount)	40%
Indicative value per Related Party Option	\$0.032854
Total Value of Related Party Options	\$24,640.32
-Craig Smith Gander – 750,000 Options	

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

PROXY FORM

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

ANNUAL GENERAL MEETING

I/We

of:

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

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.30am, on 10 November 2014 at BDO, 38 Station Street, Subiaco, Western Australia, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 5 to 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 5 to 9 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Director – Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Issue - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares to Related Party – Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Related Party – Nicholas Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Performance Rights to Related Party – Nicholas Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Performance Rights to Related Party – Gavin Rezos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Options to Related Party – Craig Smith Gander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

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

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (b) post to Alexium International Group Limited, PO Box 512 Cottesloe WA 6911; or
 - (c) facsimile to the Company on facsimile number +61 8 6314 1623,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.