



ANNOUNCEMENTS

- Alexium Raises USD \$6.675m (AUD \$8.45m) through Institutional Placement Led by New York Based Maxim Group LLC
- Alexium Establishing Footprint in Asia through Outdoor Tenting Fabric Product Launch
- Alexium Receives Purchase Order from New Client
- Alexium Completes Successful Scale Up Run with New Client in Home Furnishings
- Alexium Completes Successful First Exhibition at Techtextil Show in Frankfurt
- Alexium Anticipates Potential Addressable Revenue of More than US \$10M for 2015

THIS ISSUE

MESSAGE FROM THE CEO

OPERATIONS UPDATES

POST-TECHTEXTIL SALES PROGRESS

INTRODUCING STEVE GRAVLEE:
VICE PRESIDENT OF SALES

INTRODUCING JOHN STELLING: PROJECT
MANAGER OF MILITARY MARKETS

EXCITING PROGRESS ON DEVELOPMENT
OF NEW FR PRODUCTS

FINANCE AND LOGISTICS UPDATES

May has been another productive month for all of the departments at Alexium as we continue to roll out new products, conduct plant trials with existing customers, and follow up on new customer leads.

I have continued to be busy in Washington, D.C., working with our lobbyists and government contacts about promoting our products to the military and educating policy makers about the eco-friendly flame retardant options currently available for consumer products. The National Defense Authorization Act of 2016 has been passed by the House of Representatives and is now moving to the Senate for a vote. This bill specifically encourages the Secretary of Defense to research non-halogenated FR solutions for military uniforms.

We have also analyzed our current revenue opportunities for 2015 and anticipate more than \$10 million addressable revenue before year's end. These customers represent a wide range of industries from military to bedding, the outdoor market, and decorative fabrics.

Regarding the U.S. listing, we have begun filing with the SEC. We have also reserved our ticker and are on track for our September timeframe.

Lastly we are updating our website and will be launching it next week.

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MESSAGE FROM THE CEO



Nicholas Clark



Dirk Van Hying

OPERATIONS UPDATE

As Alexium continues to move through an active 2015, our unwavering goal is revenue growth to meet our financial targets. A critical component of that goal is developing and executing a strategy to move opportunities from initial contact with a customer through to sustained sales as quickly as possible without sacrificing the quality of the necessary work. This month Alexium has taken two important steps to speed up the flow of projects into revenue streams.

The first was to invest in critical pilot-scale chemical synthesis equipment. While Alexium has no plans to produce our proprietary chemistries on-site, acquiring this equipment will be crucial in delivering brand-new chemistries to potential customers months quicker than previously possible. As Dr. Brookins discusses in his section, Alexium has four different chemistries at a critical maturation point. We know from experience that launching those chemistries in commercial-scale volumes requires us to work with our manufacturing partners and go through a very important due diligence process to ensure quality and safety in their facilities – a process that can take some time. By securing this new equipment, we no longer will have to wait for those chemistries to go through that process before we begin the scale-up process with our customers on the textile side. This new equipment will allow Alexium to quickly produce first-quality chemistry on the scale necessary to do critical production trials while our chemistry manufacturing partners perform their due diligence on the same chemistries.

Secondly, we have begun the effort to secure critical full-width textile finishing equipment or a small finishing facility. Again, while Alexium is not and will not become a textile company, this acquisition will be a huge step in reducing lab-to-revenue cycle time. Much of the time spent in any “scale-up” process is reproducing lab successes on the production-scale equipment and hammering out issues that are impossible to reproduce or often even see in the lab. Alexium and our potential customers are no different. By acquiring this critical equipment, Alexium will be not only be able to better correlate our results to the production environment, but also be able to hammer out issues before we even get to scale-up, providing the potential for greatly reduced scale-up times.

POST-TECHTEXTIL SALES PROGRESS

Alexium had solid interest at the Techtextil Frankfurt show with over 35 substantial leads totaling annual revenue potential of over \$20 million. The majority of these potential opportunities are in the European military market, split between 100% Nylon and 50/50 Nylon/Cotton. Just the military market potential in Europe totals around \$12 million within the next 12 to 19 months. Following the military market, many finishers in Europe are continually focusing on non-brominated solutions that Alexium can plug into. The near term potential of these customers are over \$6 million.

Regarding continuing business, Alexium has three finishers evaluating Alexium chemistry for immediate implementation and 12 customers running in-plant scale-up production. 10 of those will yield near term sales and two, one of which is with iTextiles, are longer term.

With the tremendous demand from Techtextil and our recent wins in the U.S. market, Alexium is in final discussions with iTextiles to represent our products in Europe. iTextiles has three associates located in Barcelona, Milan and Frankfurt, and they will engage end-use customers and chemical distributors. With over 70 years' experience in the textile industry, iTextiles' associates will have an immediate impact growing business from Techtextil generated leads and through personal relationships.



Mark Valdario

STEVE GRAVLEE – VICE PRESIDENT OF SALES

Alexium would like to formally introduce its new Vice President of Sales Steve Gravlee. Steve has been a wonderful addition to the sales team due to his vast knowledge of the textiles industry. He has over 25 years' experience in the flame retardant home furnishings market in both sales and marketing and operational roles. At Alexium, he has already taken over customer accounts in the bedding, decorative fabrics and transportation markets. He will also be Alexium's representative in these markets going forward. We anticipate his presence will have a significant impact on the sales pipeline.



Steve Gravlee

JOHN STELLING – PROJECT MANAGER OF MILITARY MARKETS

Also joining the Alexium team is John Stelling, our new Project Manager of Military Markets. John has a B.S. in Biochemistry from Furman University and three years of research experience in chemicals and textile manufacturing. He was also previously employed a process improvement chemist in textile finishing. In his new role at Alexium, he will be busy researching new military standards and developing chemistry for military manufacturers. He will also be implementing new technologies and chemistries into military and workwear markets.



John Stelling

EXCITING PROGRESS ON DEVELOPMENT OF NEW FR PRODUCTS



Bob Brookins

Alexium's Research & Development team has been extremely busy over the past month due to progress on a number of products that are under development.

As I've described in previous newsletters, we have been transitioning Alexium's new product Alexiflam-NF™ to a potential manufacturing partner. Over the past few weeks, a principal research chemist from Alexium worked with this group in their facility for a pilot production trial. This trial was successful and the potential partner we are working with is currently reviewing the data to evaluate the process for a larger scale run.

Additionally, we have four products that have all reached a key maturation level. By this I mean these products have been synthesized on a kilogram scale, established flame retardant properties, identified for potential markets, and formulated for various applications. Frankly, the critical point for these products is deciding which ones warrant the greatest attention in order to push the most valuable products forward quickly. The research team is now evaluating these products with the sales team and talking with potential customers of these products to better understand the value they'll have in the FR market. Over the next few months, I will be discussing these products in greater detail including some videos of these products in action!

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Aaron Krech

FINANCE AND LOGISTICS UPDATES

During May, the Corporate Services team had quite a few developments to add structure, cut costs, and put our money to work for us. With a staff of 26 employees, we have seen a need to further define the Human Resources role. In order to begin this process, applicants are currently being considered for the role of HR manager - a position that will fall under corporate services. As our staff continues to grow to meet the needs of the market, this will be a critical role to ensure we have the proper policies and procedures in place to protect Alexium and its employees, that we continue to strive for excellence in the workplace, and that we remain compliant with all laws and regulations that govern Alexium and staff.

Earlier this year, the corporate services team was able to cut the cost of administering payroll by almost 75%. In May our team gained more traction in this area by partnering with one of the largest payroll vendors in the nation. This relationship will not only unburden the corporate services staff of several things that were being tracked manually and allow us to use that time for more important projects, but it will also keep us under our budgeted payroll expense. An added bonus to this relationship is having access to the payroll providers HR resource center, which will be paramount once our new HR manager is in place.

In April Alexium began a short-term cash management strategy. This month we continued to gain traction in this area as interest began to roll in. We are currently examining ways to expand this strategy to provide higher returns while keeping our cash liquid and our principle safe.