
ALEXIUM INTERNATIONAL GROUP LIMITED
ACN 064 820 408
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:30 am (AEDT)

DATE: 17 November 2021

PLACE: Virtual meeting supported by the Company share registry, Automic

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

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.

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 7:00 pm (AEDT) on 15 November 2021.

LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to invite you to the 2021 Annual General Meeting (**AGM**) of Alexium International Group Limited to be held virtually via a live webinar on 17 November 2021 at 11:30 am (Sydney time).

If you are not able to attend the meeting, you are encouraged to vote by:

- Completing and lodging the enclosed proxy form by 11:30 am (Sydney time) on 15 November 2021; or
- Registering your proxy electronically by visiting the following website: <https://investor.automic.com.au/#/home>
- A detailed summary of the activities of the Company over the last 12 months is contained in the Annual Report which will be mailed to those shareholders who have elected to receive a printed copy of this document. A copy of this document has been lodged with the ASX and available on the Company's website at: <http://alexiuminternational.com/invest-in-alexium>.

The Board and Alexium team thank you for your support and look forward to welcoming you to the virtual 2021 AGM.

Yours sincerely

Rosheen Garnon
Non-Executive Chair

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 2021 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 2021.”

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

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the resolution set out above by or on behalf of any person of the Company's Key Management Personnel (KMP) whose remuneration details are disclosed in the remuneration report for the year ended 30 June 2021 or their closely related parties, in any capacity or as a proxy by person who is a member of the Company's KMP at the date of the meeting or their closely related parties.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of a Key Management Personnel; or
 - (ii) a Closely Related Party of such member; and
 - (b) the appointment does not specify the way the proxy is to vote on the 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 the remuneration of a member of the Key Management Personnel.
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3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GENERAL STEPHEN CHENEY

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 14.2 of the Constitution, ASX Listing Rule 14.5 and for all other purposes, General Stephen Cheney, a Director, retires by rotation, and being eligible, is re-elected as a Director.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – CARL DENNIS

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 14.4 of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Mr Carl Dennis, a Director who was appointed as an additional Director on 1 September 2021, retires, and being eligible, is elected as a Director.

5. RESOLUTION 4 – APPROVAL OF SHARE APPRECIATION RIGHTS PLAN

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 13(b)) and all other purposes, approval is given for the Company to approve and adopt an employee incentive scheme titled ‘Alexium Share Appreciation Rights Plan’ (SAR Plan) and for the issue of shares under that SAR Plan, on the terms and conditions as set out in the explanatory memorandum.”

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out above by any person who is eligible to participate in ‘Alexium Share Appreciation Rights Plan’, the employee incentive scheme in question or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 5 – GRANT OF FY2021 SHARE APPRECIATION RIGHTS TO RELATED PARTY- DR ROBERT BROOKINS

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

“That, subject to the passing of Resolution 4, for the purposes of ASX Listing Rule 10.14 and all other purposes, approval is given for the Company to issue 6,505,703 Share Appreciation Rights to Dr Robert Brookins (or his nominee)

from the 12-month period 1 July 2020 to 30 June 2021 on the terms and conditions as set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out above by or on behalf of Dr Robert Brookins or any of his associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statement:

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of a Key Management Personnel; or
 - (ii) a Closely Related Party of such member; and
 - (b) the appointment does not specify the way the proxy is to vote on the 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 the remuneration of a member of the Key Management Personnel.

7. RESOLUTION 6 – ISSUE OF SHARES TO NON- EXECUTIVE DIRECTOR – CARL DENNIS

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

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve to issue 364,536 fully paid ordinary shares in the Company to Mr Carl Dennis or his nominee, on the terms and conditions as set out in the explanatory memorandum.”

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out above by or on behalf of Mr Carl Dennis or any of his associate.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
 - (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
 - (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
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Voting Prohibition Statement:

A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of a Key Management Personnel; or
 - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the 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 the remuneration of a member of the Key Management Personnel.

8. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY

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

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal 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 otherwise on the terms and conditions set out in the Explanatory Memorandum.”

The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in favour of the resolution set out above by any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any of their associates, unless the vote is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Note: In accordance with ASX Listing Rule 14.11.1 and the relevant note under that rule concerning ASX Listing Rule 7.1A, as at the date of this notice of meeting it is not known who may participate in the proposed issue (if any). On that basis, no Shareholders are currently excluded.

Dated: 1 October 2021

By order of the Board

A handwritten signature in black ink, appearing to read 'Mark Licciardo', with a stylized flourish at the end.

**Mark Licciardo
Company Secretary**

Voting in person

The Company is pleased to offer Shareholders the opportunity to attend and participate in a virtual Meeting through an online meeting platform supported by Automic. Shareholders will be able to participate, ask questions or make comments and vote online.

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, Shareholders are advised that:

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 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.

Virtual Meeting

The Company is pleased to provide shareholders with the opportunity to attend and participate in a virtual meeting through an online meeting platform supported by our registry, Automic where shareholders will be able to watch, listen, and vote online.

To access the virtual meeting:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click "**register**" if you haven't already created an account.
Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting
3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on "**Register**" when this appears. Alternatively, click on "**Meetings**" on the left-hand menu bar to access registration.
4. Click on "**Register**" and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen
7. Select your voting direction and click "**confirm**" to submit your vote. **Note that you cannot amend your vote after it has been submitted**

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 3 8689 9997.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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 2021 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 will be available on its website at <http://alexiuminternational.com/invest-in-alexium>.

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 Company's 2021 Remuneration Report can be found at pages 9 to 15 of the Company's 2021 Annual Report.

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

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.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the remuneration report were less than 25%.

2.4 Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company as set out in Remuneration Report, the Board recommends that shareholders vote in favour of this Resolution.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GENERAL STEPHEN CHENEY

3.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

General Stephen Cheney, who has served as a director since 15 April 2015, retires by rotation and seeks re-election.

3.2 Qualifications

General Stephen Cheney has been an independent Non-Executive Director of the Company since 15 April 2015. He was appointed Deputy Non-Executive Chair of the Board of Directors on 11 April 2018. General Cheney is chair of the Nomination and Remuneration Committee, and a member of the Risk Committee and Audit Committee.

General Cheney is the former Inspector General of the Marine Corps and Commanding General of Parris Island Marine Base. He is also the former Deputy Executive Secretary to US Defense Secretary Dick Cheney under President George H.W. Bush. General Cheney sat on Secretary of State John Kerry's Foreign Affairs Policy Board and is CEO of the Washington D.C. based policy group, American Security Project.

General Cheney is based in Washington DC, USA

3.3 Board recommendation

The Board (**abstain General Stephen Cheney**) supports the election of General Stephen Cheney and recommends that Shareholders vote **in favour** of Resolution 2.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – CARL DENNIS

4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by

Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Carl Dennis, having been appointed by other Directors on 1 September 2021 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.5 and being eligible, seeks election from Shareholders.

4.2 Qualifications

Mr Dennis has been a Non-Executive Director of the Company since 1 September 2021.

Mr Dennis is an operational management professional with over 25 years' experience with expertise in Consumer and Pharmaceutical Goods. As a former CEO and commercial director, Mr Dennis has deep skills in new product development, sales and marketing, international brand management and operational execution. Mr Dennis was the CEO and co-owner of Vital Merchandising Services for 11 years which was acquired by Imperial Logistics Limited in 2007, and he went on to hold both operational and business development roles with Imperial Logistics. Throughout his career, his clients have included Blue Chip FMCG organisations with globally recognised brands. Over the past five years Mr Dennis has focused in creating new markets for international Australian consumer brands across Asia, Middle East and Africa. Mr Dennis has a Bachelor of Commerce with major in Business Economics from University of the Witwatersrand in Johannesburg.

4.3 Board recommendation

The Board (**abstain Mr Carl Dennis**) supports the election of Mr Carl Dennis and recommends that Shareholders vote **in favour** of Resolution 3.

5. RESOLUTION 4 – APPROVAL OF SHARE APPRECIATION RIGHTS (SAR PLAN)

5.1 Background

The Company is seeking approval for Share Appreciation Rights Plan (SAR Plan) and issue of securities to be made in the next three years under the SAR Plan to be treated as an exception pursuant to Exception 13(b) of Listing Rule 7.2 to Listing Rule 7.1.

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 7.2 (Exception 13(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme.

If Resolution 4 is passed, the Company will be able to issue Share Appreciation Rights under the SAR Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period. In the absence of this approval from the shareholders, the company can still issue Share Appreciation Rights. However, the issue would count towards the 15% limit which would otherwise apply during a 12 month period.

The maximum number of Share Appreciation Rights proposed to be issued under the SAR Plan relating to the FY2021 long term incentive plan, following shareholder approval over the next three years is 15,460,524 calculated by using the total grant value of employee incentive divided by the value of the Share Appreciation Rights based on the Black-Scholes valuation model. This maximum is not intended to be a prediction of the actual number of shares under the SAR Plan but is specified for the purposes of Listing Rule 7.1, exception 13. If that number is reached, fresh shareholders' approval under Listing Rule 7.2, exception 13 would be requested, otherwise any additional issue of share appreciation rights under the SAR Plan over the maximum will count towards the calculation of the Company's 15% placement capacity under Listing Rule 7.1.

The objectives of the SAR Plan are to:

- (a) attract, motivate and provide incentive and reward to key employees
- (b) recognise the abilities, efforts and contributions of employees to the performance and success of the Company;
- (c) Provide employees with opportunities to acquire or increase their ownership interest in the Company

Any future issues of share appreciation rights under the SAR Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the SAR Plan is set out in Schedule I. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan is also available from Company's website <https://www.alexiuminternational.com/investor-relations/> and can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

At the 2019 Annual General Meeting, Alexium Performance Rights Plan was approved. Under this plan the Company issued 4,216,227 performance rights over the past three years, of which 3,354,547 were converted into Shares upon the achievement of the relevant performance milestone and 959,604 were cancelled or forfeited when the holders ceased to be engaged by the Company. At present the Company has 1,226,076 performance rights on issue.

Once the SAR Plan is approved by the shareholders it would replace the existing Alexium Performance Rights Plan approved at 2019 Annual General Meeting.

5.2 Board recommendation

The Board recommends that Shareholders vote **in favour** of Resolution 4.

6. RESOLUTIONS 5 – GRANT OF FY2021 SHARE APPRECIATION RIGHTS TO RELATED PARTY- DR ROBERT BOOKINS

6.1 Introduction

The Company has agreed, subject to shareholder approval, to issue a maximum of 6,505,703 Share Appreciation Rights for the 12-month period 1 July 2020 to 30

June 2021, pursuant to the SAR Plan, the subject of Resolution 4, to Dr Robert Brookins (or his nominee).

A summary of the terms and conditions of the SAR Plan is set out in Schedule I.

6.2 Requirement for Shareholders' approval - ASX Listing Rule 10.14

While the Board can make offers to issue the Share Appreciation Rights under the SAR Plan, grant is not able to proceed until after Shareholders' approval is obtained under ASX Listing Rule 10.14.

ASX Listing Rule 10.14 provides that an entity must not permit a director of that entity to acquire securities under an employee incentive scheme without the approval of the members in a general meeting, where the applicable notice of meeting complies with requirements under ASX Listing Rule 10.15.

Resolutions 5 seek Shareholders' approval under ASX Listing Rule 10.14 to grant the applicable Share Appreciation Rights. If approval from shareholders is obtained in accordance with ASX Listing Rule 10.14, exception 14 of ASX Listing Rule 7.2 will apply so that the issue of Shares will not use the Company's 15% Placement Capacity.

If Resolution 5 is not passed, the Company will not be able to proceed with the grant of the Share Appreciation Rights and Dr Robert Brookins will continue to be paid cash bonus services, including outstanding fees owing to them from the period 1 July 2020 to 30 June 2021, and ongoing from that date and will be subject to same terms and conditions of Share Appreciation Rights for vesting and exercise.

6.3 Information required by ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to Resolutions 5:

- (a) Dr Robert Brookins is the Company's Chief Executive Officer and Managing Director. The Share Appreciation Rights may be granted in accordance with the SAR Plan to Dr Robert Brookins (or his nominee).
- (b) Dr Robert Brookins receives fixed remuneration and variable remuneration via short-term and long-term incentive arrangements. Details of Dr Brookins annual remuneration package for FY21 are set out below:

Remuneration	US\$ 315,000
Short-Term Incentive (comprising of cash and/ or equity) subject to agreed short term performance targets and Board discretion	US\$ 94,500
Long-Term Incentive (subject to long- term performance targets as determined by the Board)	US\$ 220,500

- (c) The maximum number of Share Appreciation Rights to be granted to Dr Robert Brookins for the period 1 July 2020 to 30 June 2021 is 6,505,703 calculated by using the total grant value (US\$220,500) of employee incentive divided by the value of the Share Appreciation Rights based
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on the Black-Scholes valuation model The fair value at issuance was US\$0.0339.

- (d) It is expected that the Share Appreciation Rights will be issued within one month after the 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 Share Appreciation Rights will be issued on one date.
- (e) When exercised, each Share Appreciation Right converts into one fully paid ordinary Share in the Company. The Board will determine and impose vesting conditions on Share Appreciation Rights including condition of continuing employment of Dr Brookins, when exercising the Share Appreciation Rights.
- (f) The Share Appreciation Rights will be issued for nil cash consideration and no cash consideration will be payable upon the vesting of the Share Appreciation Rights or the subsequent issue of Shares (if any).
- (g) To date, Dr Robert Brookins, or his nominee, has not received any Share Appreciation Rights under the SAR Plan.
- (h) Under the last approved Performance Rights Plan, which will be replaced by the SAR Plan, 610,763 performance rights were held by Dr Robert Brookins, out of which 471,211 has been vested and will be issued in October 2021 and balance 139,552 will vest in June 2022 and will be issued in October 2022. No performance rights have been exercised or lapsed during the last 12 months.
- (i) Subject to the Corporations Act and ASX Listing Rules, any full time or part-time employee or a casual employee, or officer or Director (Executive and Non- Executive) of the Company and any associate body corporate is entitled to participate in the SAR Plan.
- (j) No loan will be provided in respect of the grant of the Performance Rights as they are being issued in connection with Dr Robert Brookins remuneration which the Company has agreed for the period 1 July 2020 to 30 June 2021.
- (k) Details of any securities issued under the SAR Plan will be published in the Annual Report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.
- (l) Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the SAR Plan, after this resolution is approved, and who are not named in this Notice of Meeting, will not participate until approval is obtained under that rule.

The Directors (abstain Dr Robert Brookins) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the proposed grant of Share Appreciation Rights is considered reasonable remuneration in the circumstances and in light of Dr Robert Brookins role and responsibilities.

6.4 Board recommendation

The Board (**abstain Dr Robert Brookins**) recommends that Shareholders vote in favour of Resolution 5.

7. RESOLUTIONS 6 – ISSUE OF SHARES TO NON-EXECUTIVE DIRECTOR CARL DENNIS

7.1 Background

Mr Carl Dennis, executed a Letter of Appointment with the Company on 19 August 2021 pursuant to which the Mr Dennis agreed to provide services to the Company as a Non-Executive Director.

By virtue of being a Key Management Personnel of the Company Mr Carl Dennis will be considered as a related party.

In terms of the appointment, Mr Dennis annual remuneration is \$45,000, out of which the Company agreed to pay Mr Dennis (or an entity nominated by him), the annual rate of US\$13,500 in shares for the period 01-September-2021 to 31-August-2022.

The Company is seeking shareholder approval for all purposes, including ASX Listing Rules 10.11, for the grant of the relevant fully paid ordinary shares to Mr Carl Dennis, considered as a related party under Listing Rules 10.11.1, being a non-executive director.

Under ASX Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without shareholder approval in a 12-month period. When an entity issues or agrees to issue securities under ASX Listing Rule 7.1 without shareholder approval, that issue or agreement to issue uses up part of the 15% available under that rule. However, if approval is given under ASX Listing Rule 10.11, approval will not be required under ASX Listing Rule 7.1 and it will be treated as an exception 14 as per ASX Listing Rule 7.2. This means that the fully paid ordinary shares granted to the related parties will not use up part of the 15% available under ASX Listing Rule 7.1.

The Board (Mr Dennis aside), subject to shareholders approval, recommends that the Company issues a maximum of 364,536 fully paid ordinary shares in the capital of the Company to Mr Dennis.

The proposed grant is in respect of fully paid ordinary shares at a valuation of \$0.0496 (being the 14 days Volume Weighted Average Price (VWAP) for the period 1 July 2021 to 20 July 2021), per share that are to be issued as the Directors' remuneration, subject to Shareholder approval and priced in line with the agreement with Mr Dennis. The Company will issue these shares for nil consideration.

Remunerating a Director in this manner reduces the cash cost to the Company and aligns the reward to Directors with those of Shareholders. The fully paid ordinary shares will be issued pari passu to existing securities and not subject to a trading lock. The shares will be issued within one month from the date of the AGM and will be subject to trading lock of 12 months.

If Resolution 6 is not passed, the Board will consider an alternative remuneration arrangement for Mr Carl Dennis which may include cash payment.

7.2 Board recommendation

The Board (**abstain Mr Carl Dennis**) recommends that Shareholders vote in favour of Resolution 6.

8. RESOLUTION 7– APPROVAL OF 10% PLACEMENT FACILITY

8.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Resolution 7 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval

If Resolution 7 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 7 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

8.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 7:

(a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
 - (ii) the time and date of the Company's next annual general meeting; and
 - (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).
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(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 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 by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 8(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for working capital and acquisition of materials or new asset opportunities consistent with the Company's existing business operations.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, 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 Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities

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 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			\$0.037	\$0.074	0.111
			50% Decrease	Issue Price	50% increase
Current	640,197,246	64,019,725	2,368,730	4,737,460	7,106,189
50% Increase	960,295,869	96,029,587	3,553,095	7,106,189	10,659,284
100% Increase	1,280,394,492	128,039,449	4,737,460	9,474,919	14,212,379

*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 Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 640,197,246

2. The table does not include any shares to be issued pursuant to Resolutions 4 and 5 of this Notice;
3. The issue price set out above is the closing market price of the Shares on the ASX on 13 September 2021;
4. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate;
5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1;
6. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities;
7. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances;
8. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed;
9. 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%; and
10. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate 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 7.1A Mandate, 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, share purchase plan, placement 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
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(vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 15 December 2020 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 16 December 2020, the Company has not issued any Equity Securities pursuant to the Previous Approval.

8.3 Board recommendation

The Board recommends that Shareholders vote **in favour** of Resolution 7.

GLOSSARY

AU\$ means Australian dollars.

US\$ means US dollars.

10% Placement Facility has the meaning given in Resolution 8

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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:

- (g) a spouse or child of the member;
- (h) a child of the member's spouse;
- (i) a dependent of the member or the member's spouse;
- (j) 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;
- (k) a company the member controls; or
- (l) 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.

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
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(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 Memorandum means the explanatory memorandum 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.

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

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 2020.

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 Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

SCHEDULE I – SUMMARY OF TERMS OF SHARE APPRECIATION RIGHTS PLAN (SAR PLAN) (REFERENCE TO RESOLUTION 4)

The key terms of the Share Appreciation Rights Plan are as follows:

The plan was adopted and approved by the board of directors to replace the performance rights plan.

The objective of the plan is to:

- a) provide an incentive and to reward, retain and motivate participants.
- b) recognise the abilities, efforts, and contributions of participants to the performance and success of the Group; and
- c) provide participants with the opportunity to acquire or increase their ownership interest in the Group.

Vesting conditions:

25% compounded annual growth rate ("CAGR") on the opening share price over of a three-year term. Opening price is determined as the 20-day volume weighted average price ("VWAP") from the lodgement of the annual report. Fully vested target price is defined as the 20-day VWAP from lodgement of the annual report three years after. Partial vesting begins at 10% CAGR and pays 33% of the of the total Share Appreciation Rights (SAR) grants. CAGR achieved between 10% and 25% vest SAR grants on a linear scale between 33% and 100%.

Continued employment through the vesting date on or around 23 September 2023.

Vested Rights:

All eligible employees, defined as an active employee in good standing on the grant date, are offered Share Appreciation Rights. The total grant value is calculated by multiplying a defined percentage by the fixed component of compensation.

For each SAR that vests, participants will receive the amount (if any) per SAR by which the Closing Price (being the average market price of Alexium shares on the relevant vesting date) exceeds the Opening Price (being the average market price of Alexium shares on the Grant Date) (the SAR Amount). Shares will be issued in the amount equal to the SAR Amount divided by the share closing share price.
