

COMPLETION OF \$12M INSTITUTIONAL PLACEMENT AND ANNOUNCEMENT OF \$3M SPP OFFER

Highlights:

- **\$12M raised via an Institutional Placement of 34.3 million shares at an offer price of \$0.35 per new share**
- **Up to a further \$3M to be raised through a Share Purchase Plan (SPP) offer at the Placement price to enable all shareholders to participate**

Funds raised will primarily be used to:

- **provide fundamental balance sheet strength ahead of anticipated customer production ramp-up and new product trial requirements in both military and bedding sectors and to meet rising demand from recent banning of organohalogen fire retardants in consumer products**
- **expand the product development team to support new and existing identified market opportunities for our Alexiflam® and Alexicool™ platform products**
- **invest in additional high sensitivity analysis equipment, product testing and IP protection**

Perth, Australia, and Greer, South Carolina- 11th December 2017- Alexium International Group Limited ("Alexium," "the Company,") ASX: AJX, NASDAQ Designation: AXXIY is pleased to announce the successful completion of a placement (Placement) of 34.3 million new Alexium shares (New Shares). The New Shares will be issued at a price of \$0.35 per New Share, which represents a 7.9% discount to the last close price of \$0.38 on Wednesday 6 December 2017 and a 5.2% discount to the 30 day volume weighted price.

The placement was oversubscribed and the Board of Alexium welcomes a number of new institutional investors to the register and thanks existing institutions for their ongoing support. Members of the Board and Management of the Company have committed to subscribing for approximately 750,000 New Shares, being \$275,000 subject to shareholder approval, to be sought at a general meeting of the Company to be held at the earliest convenient time. These shares are included in the 34,300,000 to be issued pursuant to this equity raising. A notice of meeting will be issued shortly.

The institutional investor placement shares are expected to be issued on 15 December 2017; 4,000,000 shares will be issued under Listing Rule 7.1 and 30,300,000 under Listing Rule 7.1A.

The Board and Management shares will be issued after the general meeting, subject to Shareholder approval.

Petra Capital acted as Sole Lead Manager and Bookrunner to the equity raising.

Share Purchase Plan

In order to provide all eligible Alexium shareholders with the ability to participate in this capital raising, Alexium will also undertake a Share Purchase Plan offer (SPP). Under the SPP, Alexium will give eligible shareholders the opportunity to purchase up to \$15,000 worth of fully paid ordinary shares in Alexium at the same price as the Placement, irrespective of the size of their shareholding, without incurring brokerage or transaction costs.



The offer under the Plan will raise up to A\$3,000,000. Further details in relation to the SPP will be contained in a letter to be sent to shareholders on Thursday 14 December. In conjunction with the Placement, if fully subscribed, this will provide the Company with additional funds of A\$15,000,000 before costs of the issue.

The Company intends to apply the funds raised from the Placement and SPP as follows:

USE OF FUNDS (A\$m)-INDICATIVE		USE OF FUNDS-COMMENTARY
Inventory capacity funding in anticipation of customer requirements – US Army uniforms (Alexium FR)	\$7.0m	The inventory capacity funding is to provide demonstrable inventory investment capacity ahead of anticipated customer production ramp-up and new product trial requirements.
Inventory capacity funding in anticipation of customer requirements – Mattress expansion opportunity (Alexicool)	\$5.0m	
Research & technical staff, product testing and IP protection	\$3.0m	For increased capital to meet expected demand across Alexium's existing, environmentally friendly product range plus expansion into new sectors following on from the US Consumer Product Safety Commission (CPSC) vote to ban the use of organohalogen flame retardants (OFRs).
Total uses	\$15.0m	

Update on operational progress in relation to key earnings and growth initiatives

- Alexium's revised margin focussed strategy and subsequent customer mix is continuing to improve with gross margins anticipated to be between 27%-28% in the December quarter.

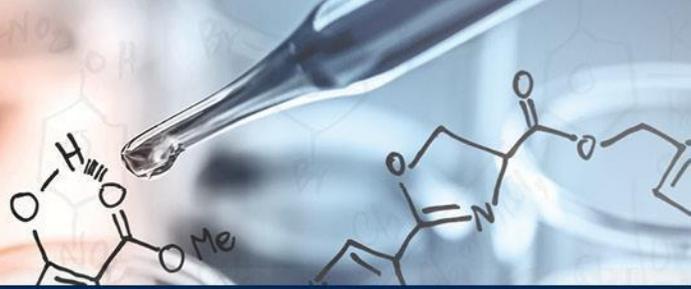
New customer & sales development activity

- In H1 FY2018 Alexium has acquired 4 new bedding customers and 1 new home textiles customer.
- Alexium has been selected as the supplier on a new line of mattresses which are expected to be launched in 2018 with an existing customer.
- Development trials are underway with various segments of the military uniform supply chain to US Department of Defense.
 - Progress has been made in developing additional strategic partners that will allow us to broaden the FR applications to be addressed in the military sector.
 - With successful results, Alexium expects the DoD procurement process for FR-treated uniforms to commence with hazard assessment testing, field trials and user specification details in H2 FY2018.



ALEXIUM

SPECIALTY CHEMICALS AND SOLUTIONS



- Leveraging our current success in bedding, Alexium is expanding the Alexicool™ portfolio to enable penetration into higher volume market segments. Quality control, capacity audits and further development activities have been initiated with our customers, which will also lead to increased chemical volume sales.
- Successfully completed product validation and production scale up trials with manufacturer of high volume healthcare applications in early December with a full-scale production trial anticipated in Q3 FY 2018.
- Alexium is currently engaged in strategic efforts, including various licensing and exclusivity discussions aimed at maximizing Alexiflam® NF technology penetration into key FR cotton markets as REACH (EU) and TSCA (USA) registration efforts progress.

Commenting on the equity raising and the opportunities ahead for Alexium, Managing Director, Dr. Dirk Van Hying stated that “while we have sufficient working capital available for ongoing business and have moved to higher margin business generating cash flow, we now have three drivers of high volume new business in the short term. One driver is the recent CPSC decision. In addition, the potential for significant orders of Alexiflam® FR for military applications and for Alexicool™ for use in bedding, both of which require Alexium to demonstrate balance sheet financial strength as part of customer financial audits as a precursor to long term large volume orders.

U.S. Contacts

Dirk Van Hying
CEO
DVanhying@alexiuminternational.com

Mark Wise
VP Investor Relations
US: +1 914 261 5574

U.S. Corporate Offices:

350 West Phillips Road
Greer, SC 29650, USA
US: +1.864.254.9923

1100 New York Avenue NW
Suite 710W
Washington, DC 20005

Corporate Headquarters:

Level 11, 125 St Georges
Terrace
Perth, WA 6000, Australia

ABN: 91 064 820 408
ASX: AJX
Nasdaq Designation: AXXIY

About Alexium International Group Limited:

Alexium International Group Limited (ASX: AJX, Nasdaq Designate: AXXIY) holds proprietary patent applications for novel technologies developed to provide flame retardancy for a wide range of materials. These environmentally friendly flame retardants have applications for a number of industries and can be customized. Further, Alexium has developed products for a range of other applications including phase-change materials, water repellents, antimicrobials, and combinations thereof. Alexium also holds patents for a process developed initially by the U.S. Department of Defense, which allows for the surface modification and attachment of nano-particles or multiple chemical functional groups to surfaces or substrates to provide functions such as fire retardancy, water proofing, oil proofing, and anti-microbial treatments. Applications under development include but are not limited to textiles, packaging, electronics, and building materials. Alexium's chemical treatments are currently marketed under the Alexiflam®, Alexiflam FR, Alexiflam SYN™, Alexiflam NF™, Alexiflam AD™, Alexiflam PB™, and Alexicool™ brand names. For additional information about Alexium, please visit www.alexiuminternational.com.