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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Business Development and Sales:

Decorative Fabrics/Soft-furnishings:

- Alexium continued to work with UK customer and agent Euroflam and completed production trials on over 40 fabrics from several of Euroflam's key customers. The work done at Euroflam focused primarily on polyester and polyester-cellulosic fabric blends used primarily in the upholstery, curtain and soft furnishings markets, and they were treated with Alexium's Polytron™ and Omnitron™ FR applications. These trials have led to further development opportunities in the European soft furnishings market, with key customers pushing the advancement of Alexium chemistry.

- In September, Alexium's sales team joined Euroflam to attend the MoOD international trade fair, which caters to upholstery producers. At the show, they met with customers of Euroflam, and they discussed a joint venture with other textile chemical companies. Alexium has also finalized their 2015 tradeshow schedule and will be exhibiting at or attending conferences both domestically and internationally to gain even more exposure in several textile markets currently being pursued.

Military/Workwear:

- Alexium also continued to work with iTextiles, its Asian/European distribution partner based in Pakistan. iTextiles received Alexium's chemistry on-site to commence scale-up runs with their key customers. The success of these trials has led to a co-branding opportunity with iTextiles for workwear fabrics in Europe, representing a million yards of fabric per year.

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Transportation:

- Alexium made strides in the transportation market within the submarkets of automotive and public transportation. Alexium anticipates that the announcement of a new chemistry to treat wool blends will gain interest with key customers in the next quarter. Each potential customer in this industry represents 100,000 to 500,000 yards of fabric per year.

Corporate News:

- Alexium's long-time consultant Jon Heard joined the company as the Head of Business Development and Sales. Jon brings with him 30+ years of experience in the textile and chemical industry as well as experience in launching, growing and selling his own business in the flame retardancy industry. He has been instrumental in securing key relationships and driving near-term revenue opportunities.

- In August, Alexium became the recipient of a $250,000 grant from the South Carolina/Israel Collaborative Industry R&D Program, an initiative that facilitates projects between companies from South Carolina and Israel. As part of this program, Alexium will work with ICL, Inc. to research and develop new fire retardant chemical applications for the textile industry. Their collaboration will lead to improved technology and new flame retardant options in multiple textile markets. Revenues for this grant will be posted in the next quarterly report.

- In September, South Carolina Representative Trey Gowdy toured the Alexium facilities to see firsthand the role that Alexium is playing in providing eco-friendly and effective flame retardant chemistries for the textiles industry. Congressman Gowdy was impressed with our products, and his successful visit led to a visit from South Carolina Senator Lindsey Graham. Senator Graham sits on the Budget Committee and the Committee on Armed Services and could be an asset as we pursue military applications for our FR treatments.

Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

ALEXIUM INTERNATIONAL GROUP LIMITED

ABN	Quarter ended ("current quarter")
91 064 820 408	30 September 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (...3...months) $A'000
1.1	Receipts from customers	49	49
	Other Income	-	-
1.2	Payments for (a) staff costs	(465)	(465)
	(b) advertising & marketing	(24)	(24)
	(c) research & development	(62)	(62)
	(d) leased assets	-	-
	(e) other working capital	(365)	(365)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	9	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST)	6	6
	Net operating cash flows	(852)	(852)

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		Current quarter $A'000	Year to date (...12...months) $A'000
1.8	Net operating cash flows (carried forward)	(852)	(852)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property	(16)	(16)
	(d) physical non-current assets	(1)	(1)
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.11	Loans to other entities		
1.12	Loans repaid by other entities		
1.13	Other (Loans from related entities)		
	Net investing cash flows	(17)	(17)
1.14	**Total operating and investing cash flows**	(869)	(869)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.		
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from convertible notes		
1.18	Repayment of borrowings		
1.19	Dividends paid		
1.20	Other (Share issue, Convertible Note Costs)	(49)	(49)
	Net financing cash flows	(49)	(49)
	Net increase (decrease) in cash held	(918)	(918)
1.21	Cash at beginning of quarter/year to date	4,197	4,197
1.22	Effects of exchange rate changes on cash	201	201
1.23	**Cash at end of quarter**	3,480	3,480

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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(98)
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During 2014 Alexium has been actively promoting our first generation Fire Retardant (FR) chemistry to multiple textile markets in the apparel, furnishings, transportation and defense sectors. As we moved through the development cycle, we have determined which of those extensive market sectors would yield faster uptake with sustainable revenues. We also realized, that there were alternative markets for Alexium's first FR chemistry. Our new head of business development has helped steer us into these more immediate but still highly profitable markets whilst we continue to serve apparel and defense sectors with longer trial times. In less than one year of offering FR solutions over and above our chem/bio solutions, Alexium has engaged with a significant number of large customers, as evidenced by the increased number of customer led production trials. We anticipate that the December quarter will see reoccurring production trials as end users validate our products into their own production cycles. Once these end users validate Alexium chemistry for their end use, then full production orders will be made for ongoing significant revenues.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	3,480	4,197
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
	Total: cash at end of quarter (item 1.23)	3,480	4,197

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Nicholas Clark 31 October 2014

Sign here: ..... Date: .....

(Director/~~Company secretary~~)

Nicholas Clark

Print name: .....

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.

3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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