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ASX/Media Release
29 January 2016

CHEMICAL INNOVATIONS

ALEXIUM INTERNATIONAL GROUP LIMITED

Quarterly Activities Report for the period to 31 December 2015
Alexium continues growth with multiple new customers and fifth consecutive quarter of increased sales

REVENUE GROWTH SUMMARY

- During the quarter and leading up to the Appendix 4C, the Company received a combined **$1,794,000** consisting of cash and commitments from commercial customers and grantors. This marks the **fifth consecutive quarter** of period-over-period growth with a 51% increase in receipts from customers over last quarter

- During the quarter, Alexium achieved key commercial and defense sector milestones in ALL of our target markets:
  - Funded work commenced to finalize next-generation 50/50 nylon-cotton military uniform fabric with three different potential partners
  - Two bedding brand accounts began ramping up Alexium purchases toward full volume run rates
  - Two major resin manufacturers purchase Alexiflam-SYN-FILL for scale-up toward full commercial launch
  - European automotive bodycloth manufacturer moved into final scale-up and due to Alexium performance, expanded Alexium to treat 100% of their offering

- **Commenting on Alexium's 2Q performance, Alexium CEO Nicholas Clark stated:** "This quarter, once again, clearly validates Alexium's growth strategy and we remain on track to meet financial forecasts we communicated to shareholders in December of last year."

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ABOUT ALEXIUM

Alexium International Group Limited (ASX:AJX, AX:AJX OTC QX: AXXIY) holds proprietary patent applications 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, paints, and packaging, glass and building materials. Alexium's fire retardant chemical treatments are currently marketed for different fabric markets under the Alexiflam ™, Ascalon ™ , Nuvalon ™, and Polytron ™ , Omnitron ™ and Bactron ™ trademarks.

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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	31 December 2015

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from customers	555	924
	Other Income/Grants	244	316
1.2	Payments for (a) staff costs	(1,074)	(1,814)
	(b) advertising & marketing	(95)	(194)
	(c) research & development	(537)	(910)
	(d) leased assets	(18)	(35)
	(e) other working capital	(1,899)	(3,761)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	11	24
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST)	25	31
	Net operating cash flows	(2,788)	(5,419)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (6 months) $A'000
1.8	Net operating cash flows (carried forward)	(2,788)	(5,419)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(13)	(41)
	(d) physical non-current assets	-	(65)
	(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	(13)	(106)
1.14	**Total operating and investing cash flows**	(2,801)	(5,525)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	1,911	3,497
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)	-	-
	Net financing cash flows	1,911	3,497
	Net increase (decrease) in cash held	(890)	(2,028)
1.21	Cash at beginning of quarter/year to date	11,527	11,621
1.22	Effects of exchange rate changes on cash	(441)	603
1.23	**Cash at end of quarter**	10,196	10,196

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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	(268)
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

N/A

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

N/A

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	-	-

+ See chapter 19 for defined terms.

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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	1,111	939
4.2	Deposits at call	9,085	10,588
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.23)	10,196	11,527

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 29th Jan 2016

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

(Director/~~Company secretary~~)

Nicholas Clark

Print name: .....

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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