

29 January 2024

QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2023

KEY POINTS

In line with Australian Strategic Materials' (**ASM** or **the Company**) (**ASX: ASM**) strategic business priorities, this Quarter, the Company:

- Participated in a trade delegation to the US and established strong potential funding pathways with North American government agencies and export credit finance agencies;
- Continued sample product evaluations and offtake discussions with potential Dubbo Project customers and investors;
- In early January 2024, successfully progressed to a shortlist of preferred suppliers in one competitive process with respect to potential offtake for the Dubbo Project;
- Progressed critical early establishment work at the Dubbo Project; and
- Commenced enhancements to the neodymium production line at the Korean Metals Plant and conducted upgrades to laboratory facilities.

DUBBO PROJECT

The Dubbo Project is integral to ASM's mine to metals business, for the supply of rare earths and critical minerals.

Project funding



ASM Managing Director & CEO Ms Rowena Smith (centre left) with fellow participants of the Austrade delegation to the US.

During the Quarter, ASM Managing Director and CEO Rowena Smith participated in a trade delegation to the United States, facilitated by the Australian Trade and Investment Commission (**Austrade**). The week-long engagement encompassed a number of significant interactions, including participation in a US-Australian

Critical Minerals Industry Roundtable attended by Prime Minister Anthony Albanese, Minister for Resources Madeleine King and US Secretary of Commerce Gina Raimondo.

The roundtable confirmed the alignment between Australia and the US on the importance of building an end-to-end, sustainable, reliable and transparent critical minerals supply chain between the two jurisdictions. At the event, Prime Minister Albanese announced the increase of the Critical Minerals Facility from \$2 billion to \$4 billion. This, combined with other funds made available by the Australian Federal Government, will see almost \$6 billion available to support the critical minerals industry going forward. Government funding such as this will be a critical enabler to funding the Dubbo Project and ASM is evaluating its approach for application for this funding, supported by its other offtake and funding discussions.



The US-Australian Critical Minerals Industry Roundtable was chaired by Australia Prime Minister Anthony Albanese.

As part of the delegation, the Company conducted meetings with key US government agencies including the Department of Defense (**DoD**), Department of Energy (**DoE**), Department of Commerce (**DoC**), the US Export-Import Bank (**USExim**), and US investors and offtake partners. These discussions have identified potential opportunities for US funding and the Company will continue to explore these prospects in the coming months. The strong interest expressed by US government entities in participating in funding initiatives for the Dubbo Project is particularly encouraging.

During the Quarter, legislation was passed in the US to include Australia as a 'domestic source', allowing Australian businesses from multiple sectors to access US DoD loans, grants and subsidies provided for under the US 'Defense Production Act'. ASM is exploring opportunities for funding and support pursuant to these

changes for the Dubbo Project and is progressing these matters in its interactions with US government entities.

The Company has also continued discussions with export credit finance agencies from relevant jurisdictions regarding the potential provision of project finance. These discussions have been based on the potential source of content for use in the construction phase of the Dubbo Project and also strategic investment. ASM will continue to progress these discussions with the intention of securing conditional letters of support.

In December 2023, the Australian Federal Government released an updated list of critical minerals essential to the country's energy and security needs. It is noteworthy that all the minerals slated for production from the Dubbo Project are included in this updated critical minerals list, underscoring the pivotal role of the Dubbo Project in fulfilling Australia's strategic objectives.

Dubbo Project offtake

Discussions with OEMs and Tier 1 suppliers for participation in the supply chain progressed during the Quarter and were supported by the technical validation of ASM's metallisation capability at the Korean Metals Plant. These commercial discussions are part of competitive processes, extending beyond the initially anticipated timeline and progressing into 2024.

ASM is actively involved in multiple processes. In Q1 2024 ASM has received confirmation that it has been selected for the shortlist of preferred suppliers in one of those processes. This will see ASM participating in advanced discussions regarding involvement in the relevant supply chain. ASM will update the market when binding agreements are reached.

Early establishment activities

During the Quarter, Bechtel Australia Pty Ltd (**Bechtel**) progressed the non-process infrastructure (**NPI**) Study Work¹ for the Dubbo Project – successfully concluding the scoping phase of the study before initiating the corresponding work based on the defined scope. The NPI Study Work continues to progress well, aligned to its schedule.

In addition, ASM engaged in other essential activities that will help ensure the Company is well positioned to commence construction following Final Investment Decision (**FID**) on the Dubbo Project.

This work included:

- Progression of the study work with respect to the solid residue storage facility (**SRSF**) by Stantec. During the Quarter, Stantec progressed the design review of the SRSF and a detailed report will follow.
- Studies examining opportunities to reduce greenhouse gas emissions (**GHG**) at the Dubbo Project, with results regarding options for electrification and reports on potential pathways for the reduction of GHG emissions expected to be provided in Q1 2024.

¹ Refer ASX Release 17 August 2023: *ASM awards Bechtel NPI study work to progress Dubbo Project*

The activities noted are providing critical information for the next phase of the processing facility and mine design. As these activities continue, ASM is preparing for commencement of this next phase of work.

Zirconia customer samples

During the Quarter, the Company received further results of the evaluation of samples of ZrO₂ (calcined ZBS), ZBS and ZBC previously sent to customers. This evaluation process has continued to support ongoing discussions with customers regarding offtake arrangements and product offerings from the Dubbo Project.

Customer feedback highlighted a desire to further optimise the recovery of hafnia (**Hf**), along with the production of ZBC (and ZrO₂ from calcined ZBC) as the preferred zirconium products. As a result, ANSTO (Australia's Nuclear Science and Technology Organisation) has been engaged to undertake further test work of this modified Zr/Hf separation process in the flowsheet and it is expected that this will commence in Q1 2024.

ANSTO study work

Progress continued during the Quarter on the study work on an alternative circuit for the preparation of the niobium concentrate to be used as the feed source for the ferroniobium (**FeNb**) smelter on site. In Q1 2024, the study will look at the comparison of the economics of the current base case against this proposed alternative flowsheet. If successful, the alternative flowsheet will enhance ASM's overall process flowsheet with a less complex route to the FeNb smelter.

Revised KCF Framework Agreement

The Revised Framework Agreement between ASM and KCF Energy Co. Ltd (**KCF**) has been extended until 30 June 2024. The Agreement provides the framework to continue discussions and explore opportunities with the parties which KCF has identified with an interest in either offtake or strategic investment in relation to the Dubbo Project.

KOREAN METALS PLANT

The Korean Metals Plant (KMP) is an integral part of ASM's mine to metals business: producing high-tech metals.

Safety

There were no reportable safety incidents recorded during the Quarter and the year to date. Lost Time Injury Frequency Rate (LTIFR) remains at zero.

Neodymium praseodymium metal

The KMP continued to deliver neodymium (**Nd**) and neodymium praseodymium (**NdPr**) metal production consistently in specification at the targeted daily rate, resulting in a total output of 3.7 tonnes of Nd/NdPr metal during the Quarter. The total production volume for this Quarter is lower than previous Quarters due to scheduled equipment maintenance and enhancements.



NS World, ASM's inaugural metal customer, took delivery of an additional three tonnes of NdPr metal during the Quarter. Through its subsidiary KSM Metals Co. Ltd, ASM has signed a further binding agreement for the sale of an additional six tonnes of NdPr metal produced at the KMP – to be delivered from January 2024 to June 2024 on the same pricing mechanism and commercial terms.

During the Quarter, the Company made enhancements to the Nd production line, commenced upgrades to laboratory facilities and undertook groundwork in preparation for the installation of two additional furnaces. These strategic upgrades demonstrate an ongoing commitment to operational efficiency and lay the foundation for future expansion – aligning with the Company's efforts to optimise production capabilities.

Neodymium iron boron strip alloy

Throughout the Quarter, ASM engaged with its customers, Noveon Magnetics Inc. and USA Rare Earth, LLC, to discuss the supply of neodymium iron boron (**NdFeB**) strip alloy in accordance with their individual metal sales agreements. These interactions focused on advancing technical validation and producing samples to meet the specifications of the NdFeB alloy tailored for each customer. Additionally, there were ongoing discussions regarding the delivery schedule to align with each customer's production timeline.



ASM is currently engaged in technical validation processes for NdFeB with customers in the EU, Korea and the US. This saw a number of customer visits to the KMP and the provision of several samples during the Quarter. These technical validation processes support ongoing negotiations for the sale of NdFeB alloy, and the market will be updated when binding agreements are reached.

KMP feedstock supply

In pursuit of ASM's mine to metals strategy and its objective to secure diverse feedstock supply beyond the Dubbo Project, the Company has continued to progress discussions with multiple parties spanning various jurisdictions to secure both short-term and longer-term supply commitments. The Company continued engagements with global and local raw material suppliers, receiving and assessing various samples for quality and compatibility with ASM's production processes.

As previously reported, the KMP, at present, maintains sufficient inventory to meet the fulfilment of production and customer delivery needs through FY24.

Metallisation technology

Throughout the Quarter, ASM continued the production of copper titanium (**CuTi**) alloy samples utilising the Company's proprietary LK process. These samples were crafted in bespoke moulds, tailored to meet the specific customer specifications. ASM continued its ongoing technical and production collaboration with the Korea-based customer.

ASM also continued development of the program to expand its metallisation capability to dysprosium and terbium applications. The program has commenced, with research on the application of this technology underway, and will continue throughout the next Quarter.

During the Quarter, representatives from the KSM Technology research and development team visited Australia as part of an initiative funded from Korean Government R&D grants. During their time in Australia, they visited crucial sites such as the Dubbo Project, ASM's pilot facility at ANSTO, and actively participated at the International Mining and Resources Conference (**IMARC**). This visit not only provided them with firsthand insights into these strategic locations for ASM but also uncovered significant opportunities for collaboration and knowledge exchange, particularly in the utilisation of technology throughout the integrated supply chain.

ASM is committed to diversifying its product suite through innovative research, enhancing its position as a leader in this field and aligning its offerings with emerging global opportunities.



Members of the KSM Technology team visited the Dubbo Project site and demonstration process plant at ANSTO during their trip to Australia's east coast, funded by Korean government R&D grants.

CORPORATE

CFO appointment

On 29 November ASM announced the appointment of Mr Stephen Motteram as Chief Financial Officer (**CFO**), with effect from 22 January 2024. Mr Motteram is a senior finance executive with more than 20 years of international experience in banks and commodities trading firms, including Noble Group and National Australia Bank. His extensive experience covers project development, capital raising, financial control, contract negotiations, investment analysis, mergers, acquisitions, and treasury operations.

Mr Motteram replaces Mr Jason Clifton who departed ASM on 10 November 2023. Since Mr Clifton's departure, ASM's General Manager – Finance, Mr Steele Bromley, has served as acting CFO. ASM thanks Mr Bromley for his support and guidance during this transition period.

Annual Report and Annual General Meeting



ASM's Annual General Meeting saw all proposed resolutions strongly approved by shareholders.

As part of end of financial year reporting, ASM's Annual Report was delivered to shareholders during the Quarter.²

The Annual General Meeting (**AGM**) of the Company took place on November 22, 2023. The event was conducted in person, accompanied by a live webcast for remote participation. All proposed resolutions were strongly approved by shareholders. Ms Smith provided the CEO's presentation and, along with the rest of the

² Refer ASX Release 23 October 2023: *Annual Report to shareholders*

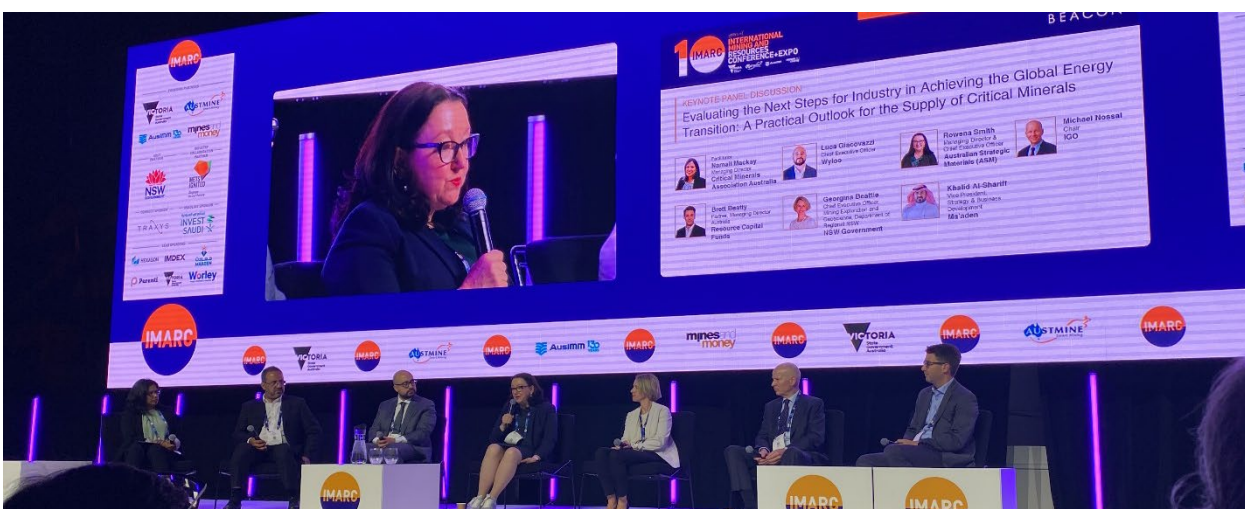
ASM management team, addressed shareholder questions. The complete AGM, along with Ms Smith's presentation and accompanying slides, is available on the [ASM website](#).

Participation at International Mining and Resources Conference

In October 2023, ASM participated in the International Mining and Resources Conference (IMARC) in Sydney, NSW. This provided valuable opportunities for investor meetings and follow-up meetings with US government agency representatives who were in attendance. In addition, ASM was invited to meet with the Hon. Courtney Houssos, NSW Minister for Finance and Natural Resources, to discuss the Dubbo Project and the NSW Government's approach to its new Critical Minerals and High-Tech Metals Strategy.

Ms Smith participated in an industry roundtable – hosted by Minister Houssos – where discussions focused on ways the NSW Government could support the sector to unlock the full potential of NSW resources, encourage investment and leverage the state's strong environmental, social and governance (ESG) credentials.

ASM also made a formal submission to the NSW Critical Minerals and High-Tech Metals Strategy consultation process, with the strategy scheduled for release later this year.



ASM's participation at IMARC 2023 in Sydney saw direct engagement with state, national and international government representatives, including the Hon. Courtney Houssos, NSW Minister for Finance and Natural Resources (top left).

ESG

ASM wants to leave a legacy that delivers enduring benefits to the communities and regions where it operates.

During the Quarter, ASM commenced its annual public Sustainalytics assessment. This will be the Company's second year participating in the globally recognised assessment, providing analytical ESG research, ratings and data to institutional investors and companies. ASM's inaugural ESG risk rating placed the Company in the top quartile best-performing diversified metals businesses.

ASM is committed to evaluating, assessing and managing the risks of climate change – recognising the stage of development of the Dubbo Project and operation of the KMP. As part of the ongoing ESG activities, during the Quarter the Company commenced its climate change scenarios assessment. Involving senior leaders across the business, this work will provide insights into the trends and expectations in relation to assessing scenarios and disclosing both transitional exposures (low carbon economy) and physical risks (catastrophic and natural disasters).

COMMUNITY

ASM is committed to establishing strong and positive relationships with the communities where it operates – working together to build resilient communities and return a positive, lasting legacy.

Visit of Cheongju City's Department of Investment Attraction

In November, ASM's Dubbo Project team hosted representatives from the Department of Investment Attraction from Cheongju City Government, Korea, where ASM's metallisation plant is located.

The site visit provided the opportunity to showcase the Dubbo Project, local partnerships and the potential for further collaboration between ASM, Cheongju City and the Chungcheong Province to support Korean-Australian strategic supply chains.

Macquarie Agricultural Pathways Program (MAPP)

During the Quarter, ASM continued its support of the Macquarie Agricultural Pathways Program (**MAPP**) – a partnership with the Macquarie Anglican Grammar School in Dubbo. The Program aims to develop agricultural-based skills and learning outcomes for students and potentially lead them into a career involved with agriculture.

To celebrate the conclusion of the Program's second year, representatives from ASM subsidiary Toongi Pastoral Company (**TPC**) held an end of year dinner for participating students. TPC manages the agricultural land surrounding the Dubbo Project's mining and processing areas, carefully integrating agricultural activities with management of the Dubbo Project's biodiversity offsets and providing a unique sustainability story.



Members of the Cheongju City Government delegation met with Phil Thomson (second from right), owner/operator of Native Secrets, an indigenous natural skincare company operating on ASM-owned farmland surrounding the Dubbo Project.

MARKET OUTLOOK

In December 2023 the US government announced two policy developments relevant to ASM's product suite of critical minerals.

The passing of the 2024 National Defense Authorization Act (**NDAA**) through the Senate on 14 December is the first step through the legislature that would establish an exemption for Australia from US defence export control licensing, effectively affording Australian companies 'domestic status' in competing for business with the US government. In addition, the Biden administration proposed a tightening of Inflation Reduction Act rules so that from 2024, EV tax credit eligibility will only be available for those vehicle models using battery components manufactured or assembled outside a foreign entity of concern (**FEOC**). This will then be extended to the extraction, processing or recycling of all critical materials in a vehicle (including rare earths for the motor) by 2025.

As a result, the DoE now lists only 10 models that qualify for the full tax credit compared to 27 in 2023³. With over 90%⁴ of global NdFeB alloy production located in China, automakers may look to ramp up activity with alternative suppliers who already operate commercial scale alloying capacity, including ASM.

NdFeB

Rare earth element (**REE**) prices rose in Q4 2023 by an average of 4.9% for oxides and 1.1% for metals, while high grade NdFeB alloy prices rose by 0.1%.

In 2023, US electric vehicle sales (including hybrids and plug-in hybrids) achieved a penetration rate of 17% of a total vehicle market of 15.5 million units, a figure that is expected to increase to nearly 24% in 2024⁵. With NdFeB alloys a key component in the motors of most electric vehicles and with the changes to the IRA outlined above, it is reasonable to expect the emergence of a bifurcation in pricing for alloys processed without links to FEOCs.

Zirconia

Although zirconia prices fell in the fourth Quarter to finish the year at 5,800/t⁶, 2023 still registered the fourth highest yearly average price in the last ten years. Consultancy TZMI noted at its conference in November that they expect consumption to rise this year, with growth weighted towards the second half. Further growth is then forecast into the medium term, driven by urbanisation and decarbonisation trends in the rest of the world that would reduce producers' reliance on the market in China.

Hafnium

Spot prices for hafnium metal in Europe closed the year at \$5,350/kg as a lull in year-end trading activity, as well as the high cost of holding metal, saw a retreat from record levels of close to \$7,000/kg seen in the third Quarter. Nevertheless, the outlook for hafnium remains positive with the market expected to enter a period of scarcity for users in a number of key demand segments as units are either internalised within Russia and China or prioritised within existing supply chains for nuclear industry requirements.

³ <https://www.fueleconomy.gov/feg/tax2023.shtml>

⁴ All figures for rare earths, NdFeB alloys and EVs are from/derived from Adamas Intelligence

⁵ [Reuters Jan 4](#), [Cox Automotive Jan 3](#)

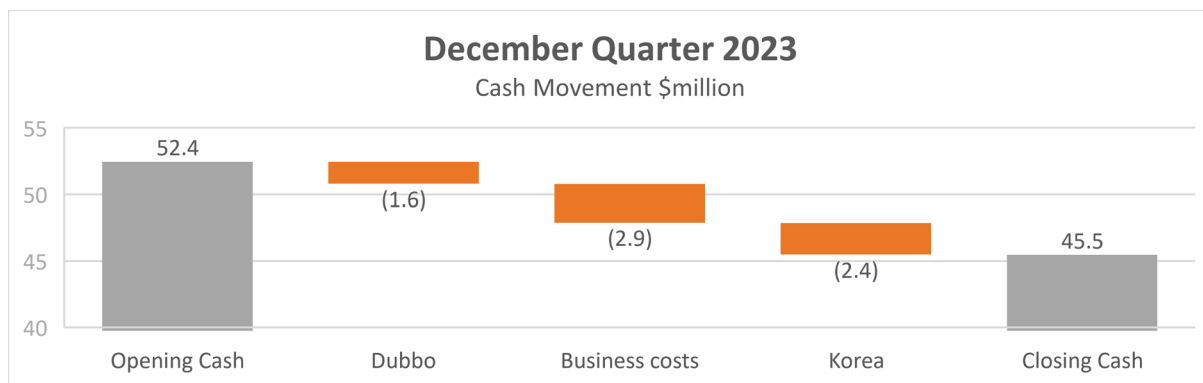
⁶ All figures for zirconia and hafnia are from/derived from Argus Non-Ferrous Markets

FINANCE

Cash

ASM's cash position as at 31 December 2023 was \$45.5M. The following waterfall chart highlights cash movements during the Quarter including:

- \$1.6M of Dubbo Project costs including the NPI study work by Bechtel, the purchase of engineering and metallurgical services and net expenditure for agricultural activities.
- \$2.9M of Business costs relating to business development, marketing and administration.
- \$2.4M of Korean expenditure principally relating to inventory, administrative and personnel costs net of Korean Government grant funding and sales.



Banking facilities

During the Quarter ended 30 June 2022, the Group executed two loan facilities totalling ₩22 billion Korean Won with Korea Development Bank and drew down ₩15 billion on the industrial operating expense facility which is repayable on or before 10 June 2024 in one bullet repayment. Conversations are underway regarding the extension of these facilities.

At 31 December 2023, the Group had bank debt totalling ₩15 billion (A\$17.0M), with ₩7 billion (A\$8.0M) remaining in undrawn facilities, please refer to item 7 in Appendix 5B for further details.

MINING TENEMENTS

Australian Strategic Materials Limited confirms the following information as of 31 December 2023 (as required by ASX Listing Rule 5.3.3).

Tenements	Mining tenements acquired during the quarter	Mining tenements disposed of during the quarter	Mining tenements held at the end of the quarter	Tenement location
EL 5548	N/A	N/A	100%	Dubbo NSW
EL 7631	N/A	N/A	100%	Dubbo NSW
ML 1724	N/A	N/A	100%	Dubbo NSW

No exploration or other mining activities have occurred for the Quarter (as required by ASX Listing Rule 5.3.1).

GLOSSARY

AGM	Annual General Meeting
ANSTO	Australian Nuclear Science and Technology Organisation
ASM or Company	Australian Strategic Materials Limited
Bechtel	Bechtel Australia Pty Ltd
CFO	Chief Financial Officer
CuTi	Copper titanium
DoC	US Department of Commerce
DoD	US Department of Defense
DoE	US Department of Energy
ESG	Environmental, Social, Governance
EU	European Union
EV	Electric vehicle
FID	Final investment decision
FY	Financial year
FeNB	Ferroniobium
FEOC	Foreign Entity of Concern
GHG	Greenhouse gas emissions
IMARC	International Mining and Resources Conference
IRA	Inflation Reduction Act
KCF	KCF Energy Co. Ltd
KMP	Korean Metals Plant
KSMM	Korean Strategic Materials Metals
KSMT	Korean Strategic Materials Technology
LTIFR	Lost time injury frequency rate
MAPP	Macquarie Agricultural Pathway Program
NDAA	National Authorization Act
Nd	Neodymium
NdFeB	Neodymium iron boron
NdPr	Neodymium praseodymium
NPI	Non-process infrastructure
REE	Rare earth element
SRSF	Solid residue storage facility
TPC	Toongi Pastoral Company
TZMI	TZ Minerals International Pty Ltd
US EXIM	Export-Import Bank of the United States
ZBC	Zirconia basic carbonate
ZBS	Zirconia basic sulphate
ZrO2	Zirconia dioxide

Forward looking statements

This report contains certain statements which constitute “forward looking statements”. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “plan”, “believes”, “estimate”, “anticipate”, “outlook” and “guidance”, or similar expressions, and may include, without limitation, statements regarding plans; strategies and objectives of management; anticipated production and production potential; estimates of future capital expenditure or construction commencement dates; expected costs or production outputs; estimates of future product supply, demand and consumption; statements regarding future product prices; and statements regarding the expectation of future Mineral Resources and Ore Reserves.

While these forward-looking statements reflect the Company’s expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. The information is based on the Company forecasts and as such is subject to variation related to, but not restricted to, economic, market demand/supply and competitive factors.

Forward looking statements are only predictions and are subject to known and unknown risks, uncertainties, assumptions, and other important factors that could cause the actual results, performances or achievements of the Company to differ materially from future results, performances or achievements expressed, projected or implied by such forward looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. Except as required by applicable laws or regulations, the Company does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. The Company cautions against reliance on any forward-looking statements or guidance, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption arising in connection with COVID 19.

Information on likely developments in the Company’s business strategies, prospects and operations for future financial years and the expected results that could result in unreasonable prejudice to the Company (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) has not been included below in this presentation. The categories of information omitted include forward looking estimates and projections prepared for internal management purposes, information regarding the Company’s operations and projects, which are developing and susceptible to change, and information relating to commercial contracts.

This ASX announcement was authorised on behalf of the ASM Board by: Rowena Smith, Managing Director & CEO

APPENDIX 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Australian Strategic Materials Ltd

ABN

90 168 368 401

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,280	3,136
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(1,279)	(2,128)
	(d) staff costs	(3,206)	(7,013)
	(e) administration and corporate costs	(2,654)	(4,670)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	530	1,076
1.5	Interest and other costs of finance paid	(4)	(8)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	1,360	1,927
1.8	Other (provide details if material)	110	438
1.9	Net cash from / (used in) operating activities	(3,863)	(7,242)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant, and equipment	(894)	(1,435)
	(d) exploration & evaluation	(2,087)	(4,449)
	(e) investments	-	-
	(f) other non-current assets	-	(108)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
	<i>Government grants and tax incentives</i>	175	2,476
	<i>Payments for biological assets</i>	-	(88)
2.6	Net cash from / (used in) investing activities	(2,806)	(3,604)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)*	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(187)	(373)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(187)	(373)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	52,437	56,655
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,863)	(7,242)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,806)	(3,604)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(187)	(373)
4.5	Effect of movement in exchange rates on cash held	(114)	31
4.6	Cash and cash equivalents at end of period	45,467	45,467

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,967	11,937
5.2	Call deposits	37,500	40,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	45,467	52,437

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	387
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>During the quarter ended 31 December 2023, item 6.1 cash payments totalled \$387,000. These payments included Director's fees, travel, consulting and superannuation. Other related parties' payments included \$83,000 paid to Alkane Resources Limited for personnel and office services.</i></p>		

7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																												
7.1 Loan facilities	17,025	17,025																												
7.2 Credit standby arrangements	-	-																												
7.3 Other (please specify)	-	-																												
7.4 Total financing facilities	-	-																												
7.5 Unused financing facilities available at quarter end		7,945																												
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																														
<p><i>The Group holds two Korean Won (₩) loan facilities with Korea Development Bank in South Korea. Firstly, an Industrial Facility for operating and capital expenditure and secondly an Overdraft Facility for the Korean Metals Plant. Details of each facility is outlined below:</i></p> <table border="1"> <thead> <tr> <th></th> <th>Industrial Facility - Opex</th> <th>Industrial Facility - Capex</th> <th>Overdraft Facility</th> </tr> </thead> <tbody> <tr> <td>Facility amount</td> <td>₩ 15,000,000,000</td> <td>₩ 4,000,000,000</td> <td>₩ 3,000,000,000</td> </tr> <tr> <td>Amount drawn</td> <td>₩ 15,000,000,000</td> <td>Undrawn</td> <td>Undrawn</td> </tr> <tr> <td>Repayment date</td> <td>10 June 2024</td> <td>Quarterly repayments for 5 years commencing from date of loan draw down.</td> <td>2 years from date of loan draw down.</td> </tr> <tr> <td>Lender</td> <td>KDB Bank</td> <td>KDB Bank</td> <td>KDB Bank</td> </tr> <tr> <td>Interest</td> <td>4.23% KDB 2-year industrial financial debenture rate (on date of transfer) + 1.05% pa.</td> <td>KDB 5-year industrial financial debenture rate (on date of transfer) + 0.68% pa.</td> <td>KDB overdraft base rate + 1.06% per annum</td> </tr> <tr> <td>Security</td> <td>Unsecured</td> <td>Secured</td> <td>Unsecured</td> </tr> </tbody> </table>				Industrial Facility - Opex	Industrial Facility - Capex	Overdraft Facility	Facility amount	₩ 15,000,000,000	₩ 4,000,000,000	₩ 3,000,000,000	Amount drawn	₩ 15,000,000,000	Undrawn	Undrawn	Repayment date	10 June 2024	Quarterly repayments for 5 years commencing from date of loan draw down.	2 years from date of loan draw down.	Lender	KDB Bank	KDB Bank	KDB Bank	Interest	4.23% KDB 2-year industrial financial debenture rate (on date of transfer) + 1.05% pa.	KDB 5-year industrial financial debenture rate (on date of transfer) + 0.68% pa.	KDB overdraft base rate + 1.06% per annum	Security	Unsecured	Secured	Unsecured
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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,863)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,087)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(5,950)
8.4 Cash and cash equivalents at quarter end (item 4.6)	45,467
8.5 Unused finance facilities available at quarter end (item 7.5)	7,945
8.6 Total available funding (item 8.4 + item 8.5)	53,412
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	9.0
<p><i>Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2024

Authorised by: The Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.