

ASX Release

25 March 2024

Bechtel contract to support ASM with engineering at the Dubbo Project

Highlights:

- **New contract will deliver critical path to final investment decision for the Dubbo Project**
- **Strategic partnership with Bechtel further enhances new funding opportunities with US government entity**
- **Application submitted for Export-Import Bank of the United States' (US EXIM) Engineering Multiplier Program (EMP), to cover >80% of FEED contract costs**
- **Letter of Interest issued by US EXIM in support of ASM's EMP application**

Australian Strategic Materials Limited (**ASM** or **the Company**) (**ASX:ASM**) is pleased to advise that its subsidiary Australian Strategic Materials (Holdings) Pty Ltd (**ASMH**) has appointed global engineering company Bechtel Mining and Metals, Inc (**Bechtel**) to conduct Front-End Engineering Design (**FEED**) services for ASM's rare earths and critical minerals Dubbo Project in New South Wales (**NSW**).

FEED services scope

The contract will see Bechtel progress design of both the process plant and non-process infrastructure (**NPI**) facilities at the Dubbo Project to support the Company commencing the execution phase.

Key areas of the work involved in the Bechtel contract scope include:

- Progressing the engineering in readiness for commencement of the execution phase, and to support the procurement of long lead items and site preparation works.
- Finalise the Dubbo Project strategies, execution plans, baseline scope and standards to drive the procurement process for engagement of the execution contractors and to support 'readiness' for execution.
- Identify early works opportunities for program reduction and or reduction of implementation risk.

In parallel, ASMH will complete work required to meet the project environmental impact statement and development consent commitments required during the FEED services period.

At completion of the FEED services, Bechtel will deliver to ASMH documentation that will support (along with other inputs and work to be undertaken) ASMH finalising a feasibility study on the construction and operation of the project. The feasibility study will include an updated capital cost estimate, operating cost estimate and



Above: Bechtel was engaged by ASM to conduct non-process infrastructure work in August 2023 and has developed a deep understanding of the Dubbo Project.

project schedule. This will allow ASM to progress key funding activities and provides a critical path to taking final investment decision (**FID**) on the Dubbo Project.

“We are delighted to announce this contract with Bechtel, one of the world’s leading engineering and construction companies with extensive experience in the mining and metals sector. The Bechtel team bring deep understanding of the Dubbo Project through their prior work on the NPI services contract and have established a proven ability to deliver and work collaboratively in their performance to date on this work. The FEED services will progress our engineering work and provide critical inputs to enable us to take final investment decision and commence execution of the Dubbo Project,” said Ms Rowena Smith, Managing Director and CEO of ASM.

Contract terms

Bechtel’s services under the contract will be provided on a rates basis for work completed and is estimated to be about A\$55M (~US\$36M). Bechtel’s commencement of the work is conditional upon ASMH confirming it has received funding for the work, all necessary approvals to proceed with the work and ASMH issuing Bechtel with a notice to proceed.

It is anticipated that ASMH will be in a position to commence the FEED services in September 2024. The estimated schedule for the FEED services is 18 months and is anticipated to be completed in the first quarter of calendar year 2026. It is therefore expected that ASM will be in a position to take FID on the Dubbo Project

in the first half of calendar year 2026. Based on the estimated project duration in the Dubbo Project Optimisation Study¹, with project execution anticipated to take 27 months, production would commence in 2028 (see Dubbo Project timeline).

Strategic partnership and funding opportunities

In addition to positioning ASM to take FID, the new contract and strategic partnership presents an opportunity for ASM to attract new funding pathways in North America and Australia.

Through the Australia-US Taskforce on Critical Minerals (**the Taskforce**) announced in May 2023², Australia and the US have committed to deepen bilateral collaboration on the critical minerals and materials that are vital to clean energy as well as defence supply chains. Both the Australian and US governments have subsequently allocated budget to new and existing funding channels that support the objectives of the Taskforce.

The Dubbo Project represents a reliable, responsible and secure source of critical minerals identified on both Australia's and the United States' Critical Minerals Lists.

"The Dubbo Project is a globally strategic project in the rare earths and critical mineral sector. We are delighted to be working with ASM in close partnership to progress the project and position it for success," said Ms Ailie MacAdam, President, Bechtel Mining and Metals.

"Part of our collaborative approach has been to support ASM in identifying US government funding that has been allocated to develop critical minerals supply chains," said Ms MacAdam.

The Export-Import Bank of the United States' (**US EXIM**) Engineering Multiplier Program (**EMP**) is designed to generate additional exports of US goods and services overall and promotes Australia-US industry partnerships (see EMP Funding box).

ASM's FEED services contract with US-based Bechtel makes the Dubbo Project eligible for potential EMP funding and ASM has submitted a draft application to the program for >80% of the contract costs. In recognition of this Australia-US collaboration, US EXIM has issued ASM a non-binding Letter of Interest (**LoI**) in

EMP FUNDING

The Engineering Multiplier Program (EMP) is designed to generate additional exports of US goods and services overall (the 'multiplier effect').

The EMP will finance feasibility studies, pre-construction design, engineering, architectural and environmental services undertaken prior to commencement of the implementation phase of a physical project, supporting the award of major equipment supply and construction contracts and development of technical and environmental and social information that required to facilitate US EXIM's future consideration of requests to support the implementation of foreign projects.

If the underlying project goes forward with US goods and services, US EXIM may extend a loan or guarantee for the project to the foreign buyer. The financing undertaken under the EMP can then be rolled into the subsequent financing of the project, on standard terms applicable to the nature of the project.

¹ Refer: ASX Release 7 Dec 2021, *Dubbo Project Optimisation Delivers Strong Financials*

² [Australia-United States Climate, Critical Minerals and Clean Energy Transformation Compact](#)

support of its EMP application. The LoI provides that US EXIM's intention, subject to further due diligence and US EXIM Board approval, is to extend up to US\$32 million (A\$49 million³) in debt funding for the FEED Services.

"We are grateful to the Bechtel team for developing this contract in a collaborative manner that demonstrates the partnership approach required to build an alternative global critical minerals supply chain. Equally, we appreciate and are encouraged by the interest from US EXIM in its support of our EMP application. We look forward to continuing to work with Bechtel and US EXIM to formalise our submission now this contract has been signed," said Ms Smith.

US EXIM support for execution phase

As announced on 21 March 2024, ASM has also received a non-binding LoI (subject to due diligence and obtaining all approvals) to provide debt funding of up to US\$600 million (A\$923M⁴) for the construction and execution phase of the Dubbo Project⁴. US EXIM's support is linked to the potential US content (equipment, goods and services) to be supplied in the construction of the Dubbo Project and the key strategic role the Dubbo Project provides in building an alternative critical minerals supply chain.

US EXIM's LoI for the construction phase of the Dubbo Project follows Export Finance Australia's previous conditional finance support of A\$200 million debt funding for the Dubbo Project.⁵

Conclusion of EPCD contract

In June 2022 ASM executed a contract to procure engineering, procurement and construction definition work (**EPCD**) for the Dubbo Project⁶. This work was divided into three stages, the first of which was completed in July 2023. Commencement of Stage 2 was held until completion of key items of the NPI scope (conducted by Bechtel⁷) and also confirmation of funding.

With the broader funding opportunities that now present themselves in the US and the strategic partnership ASM is building with Bechtel, ASM has taken the decision not to proceed with Stages 2 and 3 of the EPCD work. There is no penalty or cost associated with this decision for the parties.

ASM would like to acknowledge the quality and professionalism with which Stage 1 of the EPCD work was delivered and thank the team for their support.

³ Exchange rate (US\$:A\$) – 0.65

⁴ ASX Announcement 21 March 2024, ASM receives US\$600M (A\$923 million) Letter of Interest from US EXIM for Dubbo Project

⁵ ASX Announcement 28 June 2021, Export Finance Australia issues letter of support for the Dubbo Project

⁶ ASX Announcement 9 June 2022, Hyundai Engineering Co., Ltd. awarded conditional contract for design work for the Dubbo Project

⁷ ASX Announcement 17 August 2023, ASM awards Bechtel NPI study work to progress Dubbo Project

Dubbo Project timeline



About Bechtel

Since 1898, Bechtel has helped customers complete more than 25,000 projects in 160 countries on all seven continents. Bechtel is a global company with a 70-year history in Australia. Its Mining and Metals global business unit has delivered critical minerals mining and processing projects around the globe. Bechtel serves the Energy; Infrastructure; Manufacturing & Technology, Mining & Metals; and Nuclear, Security & Environmental markets. Services span from initial planning and investment, through start-up and operations. www.bechtel.com

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This document has been authorised for release to the market by the Board.