

ASX Release

29 April 2024

Not for release to US wire services or distribution in the United States

ASM opens Entitlement Offer to raise up to ~A\$5.2M following successful completion of Institutional Placement

Highlights

- Following successful completion of Institutional Placement to raise A\$15 million, opportunity for existing eligible shareholders to participate in a non-underwritten standard pro rata non-renounceable entitlement offer to target up to ~A\$5.2M¹
- Strong support indicated from key existing shareholders and directors in the Entitlement Offer with pre-commitments received for approximately A\$1.4M
- Funds raised will primarily go towards demonstration of required ASM co-commitments to enable government funding used to progress critical path items associated with taking the company to final investment decision

As announced on 17 April 2024, Australian Strategic Materials Limited (**ASM** or the **Company**) (**ASX:ASM**) is pleased to offer Eligible Shareholders (as defined below) the opportunity to apply to participate in the Company's non-underwritten standard pro rata non-renounceable entitlement offer to raise up to approximately A\$5.2 million (before costs) (**Entitlement Offer**) following the successful completion of an institutional placement to raise A\$15 million.

The Entitlement Offer provides each Eligible Shareholder the opportunity to apply to receive one (1) fully paid ordinary share in the Company for every 40 fully paid ordinary shares held in the Company at the Record Date (defined below) (**Entitlement Offer Shares**) at an issue price of A\$1.16 for each Entitlement Offer Share (**Offer Price**). Eligible Shareholders who participate in the Entitlement Offer will be issued one (1) free attaching option for every one (1) Entitlement Offer Share issued to them under the Entitlement Offer (the terms of which are identified in the Prospectus, defined below) (**Entitlement Offer Options**).

Strong Shareholder and Director Support Indicated

The Entitlement Offer is being strongly supported by the Company's existing major shareholders and directors demonstrating their continued support for the Company and the long-term value proposition offered by development of ASM's key projects. ASM has received pre-commitments from major shareholders and directors, including from Mr Ian Gandel (the Company's Chair and major shareholder) via his investment entity Abbotsleigh Pty Ltd, totalling minimum subscriptions of approximately A\$1.4 million in the Entitlement Offer.

¹ Assuming valid applications are received for all entitlements (noting that the Entitlement Offer is not underwritten).

Details of the Entitlement Offer

ASM is undertaking the Entitlement Offer to target raising up to a further A\$5.2 million² (before costs) at the same Offer Price as the Placement announced to ASX on 17 April 2024.

Eligible shareholders may apply for one (1) Entitlement Offer Share for every 40 fully paid ordinary shares in the Company held at 7.00pm (AEST) on 2 May 2024 (**Record Date**). Eligible Shareholders who submit a valid application for Entitlement Offer Shares will be issued one (1) Entitlement Offer Option for every one (1) Entitlement Offer Share issued to them under the Entitlement Offer.

The Entitlement Offer is not subject to shareholder approval and the Entitlement Offer Shares and Entitlement Offer Options will be issued pursuant to ASX Listing Rule 7.2 (Exception 1).

All Eligible Shareholders (being shareholders at the Record Date with a registered address in Australia or New Zealand) will be eligible to participate in the Entitlement Offer. Eligible Shareholders may take up their entitlement to acquire new ASM shares in full, in part, or not at all.

The Entitlement Offer is non-renounceable, meaning Eligible Shareholders who do not wish to subscribe for some, or all, of their entitlement may not sell or transfer their rights. The Entitlement Offer is not underwritten.

ASM reserves the right to place the balance of any Entitlement Offer Shares and Entitlement Offer Options which are not applied for by Eligible Shareholders under the Entitlement Offer (**Shortfall Securities**), at the absolute discretion of the Board, within three months of the close of the Entitlement Offer in accordance with ASX Listing Rule 7.2 (Exception 3).

Any Shortfall Securities would be offered at a price not less than the Offer Price as offered under the Entitlement Offer. The Board may, in its absolute discretion, invite other new investors and/or existing ASM shareholders to apply for Shortfall Securities. If there are Shortfall Securities and the number of such shares is insufficient to satisfy applications, the Board's decision as to the number of Shortfall Securities to be issued, and to whom, is final.

Nominal Options Offer

In addition to the Entitlement Offer, ASM is making an offer of up to 100 Nominal Options for nil consideration to select investor(s) (subject to the same exercise price and expiry date as the Entitlement Offer Options), to facilitate the secondary trading of the options to be issued subject to shareholder approval under the Placement announced on 17 April 2024 (**Placement Options**), and any resulting share issued on exercise of a Placement Option.

Further information

Further information regarding the Entitlement Offer and the Nominal Options Offer is available in the prospectus lodged with the ASX on Monday, 29 April 2024 (**Prospectus**). The Prospectus contains instructions on how to participate in the Entitlement Offer. The Entitlement Offer and the Nominal Options Offer are subject to the terms and conditions set out in the Prospectus.

Offer Timetable

The key dates for the Offer are set out on the following page:

² Assuming valid applications are received for all entitlements (noting that the Entitlement Offer is not underwritten).

EVENT	DATE
Prospectus lodged with ASIC and released on ASX	Monday, 29 April 2024
Entitlement Offer Record Date	7:00pm on Thursday, 2 May 2024
Entitlement Offer and Nominal Options Offer opening date Prospectus and Acceptance Form sent to Eligible Shareholders	Monday, 6 May 2024
Entitlement Offer Closing Date (unless extended)	5:00pm on Monday, 20 May 2024
Entitlement Offer Shares and Entitlement Offer Options to be quoted on a deferred settlement basis.	Tuesday, 21 May 2024
Announce results of the Entitlement Offer	
Entitlement Offer Shares and Entitlement Offer Options issued	Monday, 27 May 2024
Deferred settlement trading ends at market close	
Entitlement Offer Shares and Entitlement Offer Options commence trading on ASX on a normal T+2 basis	From market open
Despatch of holding statements for Entitlement Offer Shares and Entitlement Offer Options issued under the Entitlement Offer	Tuesday, 28 May 2024
First settlement of trades conducted on a T+2 basis	Thursday, 30 May 2024
Extraordinary general meeting of the Company (to seek approval for the issue of the Placement Options)	Wednesday, 19 June 2024
Placement Options issued (subject to obtaining shareholder approval)	Friday, 21 June 2024
Nominal Options Offer Closing Date (unless extended)	5:00pm on Monday, 24 June 2024
Nominal Options issued	Wednesday, 26 June 2024

All dates and times are indicative only and subject to change. The Company reserves the right to withdraw the Entitlement Offer or amend all or any of these dates and times without notice, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. All dates and times are Australian Eastern Standard Time, unless otherwise specified.

Additional Information

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire ASM shares and is not intended to be used or relied upon as the basis for making any investment decision. This announcement has been prepared without taking into account the investment objectives, financial situation or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. ASM is not licensed to provide investment or financial product advice in respect of ASM shares. Cooling off rights do not apply to the acquisition of ASM shares pursuant to the Placement or SPP.

Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on ASM's expectations and beliefs concerning future events, such as the conduct, size and outcome of the Offer and ASM's intent, plans, strategies and objectives in relation to its projects. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, such as, but not limited to, risks relating to ASM's contracting counterparties, funding requirements and legislative and regulatory changes. Many of these factors are outside the control of ASM, which could cause actual results to differ materially from such statements. ASM makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

Not for release to US wire services or distribution in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

- ENDS -

FOR MORE INFORMATION PLEASE CONTACT:

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

AUSTRALIAN STRATEGIC MATERIALS LIMITED

ACN 168 368 401

Prospectus

Entitlement Offer

For a standard pro rata non-renounceable entitlement offer of 1 New Share for every 40 Existing Shares held by Eligible Shareholders at 7.00pm (AEST) on the Record Date at an offer price of A\$1.16 per New Share to raise up to approximately A\$5.2 million, with 1 free-attaching option for every 1 New Share issued under the Entitlement Offer. The closing date for the Entitlement Offer will be 5.00pm (AEST) on Monday, 20 May 2024 (unless extended).

Nominal Options Offer

For an offer of up to 100 Nominal Options for nil consideration per Nominal Option, to facilitate the secondary trading of Placement Options if issued and New Shares issued on exercise of Placement Options (if any). The closing date for the Nominal Options Offer will be 5.00pm (AEST) on Monday, 24 June 2024 (unless extended).

This Prospectus has been prepared in accordance with section 713 of the Corporations Act.

IMPORTANT NOTICE

**This is an important document and requires your immediate attention.
You should read this Prospectus in its entirety before deciding whether to apply for any
Prospectus Securities.**

**If you do not understand any part of this Prospectus, or are in doubt about what to do, you
should consult your accountant, stockbroker, tax adviser, lawyer or other professional
adviser without delay.**

**An investment in Securities of the Company, including the Prospectus Securities offered
under this Prospectus, should be considered speculative in nature.**

If you have any questions about the Entitlement Offer or the Nominal Options Offer, please contact the Information Line on 1300 101 297 (from within Australia) or +61 2 9068 1929 (from outside Australia) at any time between 8.30am to 7.00pm (AEST), Monday to Friday during the relevant Offer Period or visit the ASM website at <https://asm-au.com>.

This Prospectus may not be released to US wire services or distributed in the United States. The Prospectus Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or under any securities laws of any State or other jurisdiction of the United States. Entitlements may not be taken up, directly or indirectly, by a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any State or other jurisdiction of the United States. There will be no public offer of the Prospectus Securities in the United States.

IMPORTANT NOTICES

PROSPECTUS

This Prospectus is issued by Australian Strategic Materials Limited (ACN 168 368 401) (**ASM** or the **Company**) for the following offers:

- (**Entitlement Offer**) a standard pro rata non-renounceable entitlement offer of 1 Entitlement Offer Share for every 40 Existing Shares held by Eligible Shareholders at 7.00pm (AEST) on the Record Date, at the Offer Price (being A\$1.16 per Entitlement Offer Share) to raise up to approximately A\$5.2 million, with 1 free-attaching option for every 1 New Share issued under the Entitlement Offer; and
- (**Nominal Options Offer**) an offer of up to 100 options for nil consideration (subject to the same exercise price and expiry date as the Entitlement Offer Options).

Collectively, the securities being offered under the Entitlement Offer and Nominal Options Offer are referred to in this Prospectus as the "**Prospectus Securities**". The Prospectus Securities issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

An application for quotation of the Entitlement Offer Shares and Entitlement Offer Options was made on 17 April 2024. An application for quotation of the Nominal Options will be made to ASX within 7 days after the date of this Prospectus.

This Prospectus is dated 29 April 2024 and was lodged with ASIC on that date with the consent of the Directors.

The expiry date of this Prospectus is 5.00pm (Perth time) on the date that is 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) in the case of the Entitlement Offer Shares (or options over continuously quoted securities, in the case of the Entitlement Offer Options and Nominal Options) and has been prepared in accordance with the special content rules under section 713 of the Corporations Act. This allows the issue of a concise prospectus which does not contain the same level of disclosure as a full form prospectus for an initial public offering of securities. In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom Eligible Shareholders may consult. It is important that Eligible Shareholders read this Prospectus in its entirety and seek professional advice where necessary.

ASX maintains a database of publicly available information issued by the Company as a disclosing entity. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the securities to which this Prospectus relates.

The Prospectus Securities offered under this Prospectus should be considered speculative in nature. You should be aware that dealing in the Entitlement Offer Shares and dealing in or exercising the Prospectus Options (and being issued New Shares on exercise) involves risks. Various risks may also affect the future operating and financial performance of the Company and the value of an investment in the Company. Some of these risks are listed in Section 5 of this Prospectus. You should carefully consider these factors in light of your personal circumstances (including your financial and taxation circumstances) and seek professional advice from your accountant, stockbroker, tax adviser, lawyer or other professional adviser in relation to any decision to deal in or exercise (as applicable) the Prospectus Securities offered pursuant to this Prospectus.

PROSPECTUS AVAILABILITY

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 4, 66 Kings Park Road, West Perth WA 6005, during normal business hours. The Company will provide a copy of this Prospectus to any person on request free of charge. The Company will also provide copies of other documents on request (see Section 6.2).

Copies of this Prospectus and a personalised Acceptance Form can be obtained by Eligible Shareholders free of charge during the Offer Period by calling the Offer Information Line.

This Prospectus will also be made available in electronic form. Eligible Shareholders can obtain a copy of this Prospectus at any time prior to the Expiry Date on the Company's website at <https://asm-au.com>.

ELECTRONIC PROSPECTUS

If you have received as this Prospectus in electronic form please ensure that you have received the entire Prospectus accompanied by the relevant Acceptance Form. If you have not, please phone the Information Line on 1300 101 297 (from within Australia) or +61 2 9068 1929 (from outside Australia) at any time between 8.30am to 7.00pm (AEST), Monday to Friday during the relevant Offer Period and the Company will send you, free of charge, either a hard copy or a further electronic copy of the Prospectus.

The Corporations Act prohibits any person from passing the Acceptance Form on to another person unless it is accompanied by a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus.

INVESTOR WARNING

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial position and particular needs of individual investors. Moreover, the contents of this Prospectus are not to be construed as legal, business or tax advice.

It is important that you read this Prospectus carefully and in full before deciding to apply for Prospectus Securities. In particular you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances and seek professional advice from your accountant, tax adviser, stockbroker, lawyer or other professional adviser before deciding to invest in Prospectus Securities.

RISKS

An investment in Prospectus Securities is subject to investment and other known and unknown risks, some of which are beyond the control of the Company. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment.

Shareholders should refer to Section 5 of this Prospectus for a summary of general and specific risk factors that may affect the Company.

NOT FOR DISTRIBUTION OUTSIDE AUSTRALIA AND NEW ZEALAND

This Prospectus (including the accompanying Acceptance Form) does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make an offer or invitation. In particular, this Prospectus does not constitute an offer to Ineligible Shareholders.

This Prospectus is not to be distributed in, and no offer of Prospectus Securities is to be made (including the Entitlement Offer Shares and the Entitlement Offer Options under the Entitlement Offer), in countries other than Australia and New Zealand without the express written consent of the Company.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements, the Nominal Options Offer or the Prospectus Securities or otherwise permit the public offering of the Prospectus Securities, in any jurisdiction other than Australia.

The distribution of this Prospectus (including an electronic copy) outside Australia and New Zealand may be restricted by law and any such restrictions should be observed. If you come into possession of the information in this Prospectus, you should observe those restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This Prospectus is not a product disclosure statement under

New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

EXPOSURE PERIOD

No exposure period applies to this Prospectus by operation of ASIC Corporations (*Exposure Period*) Instrument 2016/74.

ASIC INSTRUMENT 2016/80

This Prospectus has been prepared, in part, to ensure that the relief provided by ASIC Instrument 2016/80 is available in respect of the Placement Options and any New Share issued on exercise of a Placement Option. ASIC Instrument 2016/80 provides relief from the on-sale provisions of section 707 of the Corporations Act and will relieve the need for any further disclosure to be made prior to the on-sale of New Shares issued following the exercise of Placement Options, within 12 months of their date of issue. Eligible Shareholders will be able to immediately trade any New Shares issued to them on exercise of their Placement Options. The issue of the Placement Options remains subject to shareholder approval.

TARGET MARKET DETERMINATION

In accordance with the design and distribution obligations in Part 7.8A of Corporations Act (**DDO Regime**), the Company has made a target market determination (**TMD**) for the Entitlement Offer Options. The TMD is available on the Company's website at <https://asm-au.com>.

The TMD describes, among other things, the class of Retail Clients that comprises the target market for the Entitlement Offer Options (the **Target Market**), being investors who:

- are seeking the ability to increase their existing exposure to equity securities in the Company at a later date, and at a known price;
- are able to bear the risks associated with an investment in Entitlement Offer Options;
- are seeking a medium-term investment with the ability to sell the product at any time, or to exercise an option to acquire equity securities;
- have the financial resources to participate in the Entitlement Offer; and
- seek the ability to dispose of Entitlement Offer Options by sale on a licensed securities exchange at the price available on the exchange.

If you are a Retail Client and you wish to participate in the Entitlement Offer, you must be in the Target Market. You must also meet the eligibility criteria in Section 2.2.

The DDO Regime does not apply to or restrict the distribution of Placement Options to Wholesale Clients.

DEFINITIONS, CURRENCY AND TIME

Defined terms used in this Prospectus are contained in Section 8 of this Prospectus.

All references to time are to Australian Eastern Standard Time (**AEST**), unless otherwise indicated.

All references to "\$" or "A\$" are to Australian dollars unless otherwise noted.

FINANCIAL INFORMATION

Section 3.4 sets out the pro-forma financial information referred to in this Prospectus and the basis of preparation of the pro-forma financial information.

All financial amounts contained in this Prospectus are expressed in Australian dollars, unless otherwise stated.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

The Company has prepared its financial information in accordance with Australian Accounting Standards and has also complied with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

MARKET AND INDUSTRY DATA

This Prospectus uses market data, industry estimates and projections. The Company has based some of this information on market research prepared by third parties. The information contained in the projections and reports of third parties includes assumptions, estimates and generalisations that the Company believes to be reliable, but the Company cannot guarantee the completeness or accuracy of such information. Estimates involve risks and uncertainties and are subject to

change based on various factors, including those described in the risk factors set out in Section 5. This information should not be used as a basis for investment and should not be considered as an opinion as to the value of the Prospectus Securities.

TAXATION

There will be tax implications associated with participating in the Entitlement Offer and/or the Nominal Options Offer and receiving New Shares, Entitlement Offer Options and/or Nominal Options. Section 6.8 of this Prospectus provides a general guide to the Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Entitlement Offer for Eligible Shareholders and the Nominal Options Offer. The guide does not take account of the individual circumstances of particular Eligible Shareholders and does not constitute tax advice. Neither the Company nor any of its Beneficiaries (defined below), accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences. The Company recommends that you consult your professional tax adviser in connection with the Entitlement Offer and/or the Nominal Options Offer.

PRIVACY

The Company collects information about each Applicant provided on an Applicant's personalised Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company.

By submitting your personalised Acceptance Form, you will be providing personal information to the Company (directly or through its Share Registry). The Company collects, holds and will use that information to assess your Application. The Company collects your personal information to process and administer your shareholding in the Company and to provide related services to you. The Company may disclose your personal information for purposes related to your shareholding in the Company, including to its Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. The Company's Privacy Policy, available at <https://asm-au.com/privacy/> explains how the Company will store and handle personal information, and how you may access your personal information.

NO REPRESENTATIONS

No person is authorised to give any information or to make any representation in connection with the Prospectus Offers which is not contained in this Prospectus. Any information or representation in connection with the Prospectus Offers not contained in this Prospectus may not be relied upon as having been authorised by the Company or its related bodies corporate or affiliates or any of their respective directors, officers, employees, partners, consultants, contractors, agents, advisers or representatives (**Beneficiaries**).

Except as required by law, and only to the extent so required, none of the Company or any of its respective Beneficiaries, nor any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus.

PAST PERFORMANCE

Investors should note that any past performance and pro forma historical information given in this Prospectus is provided for illustrative purposes only and should not be relied upon as, and is not, an indication of future performance of the Company, including future share price performance.

FUTURE PERFORMANCE AND FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements which constitute "forward looking statements". Such statements may include, but are not limited to, use of proceeds from the Prospectus Offers and the anticipated outcome and effects of the Prospectus Offers. Forward looking statements can generally, but not always, be identified by the use of forward looking words such as "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan", "forecast", "likely", "future", "project", "opinion", "opportunity", "outlook", "guidance", "intend", "target", "propose", "to be", "foresee", "aim" and may include, without limitation, statements regarding plans; strategies and objectives of management. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

The forward-looking statements are based on information available to the Company as at the date of this Prospectus, unless otherwise indicated. Forward-looking statements are provided as a general guide only and should not be relied upon as an indicator or guarantee of future performance and may involve significant elements of subjective

judgement, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of the ASM Group. Forward-looking statements, opinions and estimates provided in this Prospectus are based on assumptions and contingencies that are subject to change without notice. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including known and unknown risks (including, Section 5 of this Prospectus). These factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic factors, increased capital costs and operating costs, the speculative nature of exploration and project development, general mining and development risks, closure and rehabilitation risks, changes to the regulatory framework within which the ASM Group operates or may in the future operate, environmental conditions and environmental issues, and the recruitment and retention of key personnel, industrial relations issues and litigation.

Investors should consider the forward-looking statements contained in this Prospectus in light of those risks and disclosures. Neither the ASM Group, nor any of its directors, officers, employees, agents or advisers makes any representation or warranty, express or implied as to the accuracy, likelihood of achievement or reasonableness of any forward looking statement contained in this Prospectus. Except as required by law or regulation (including the ASX Listing Rules), none of the ASM Group, nor any of its directors, officers, employees, agents or advisers undertakes any obligation to supplement, revise or update forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events, results or other factors affect the information contained in this Prospectus.

DISCLAIMER

Determination of eligibility of investors for the purposes of the Prospectus Offers is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company. To the maximum extent permitted by law, the Company and its respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives, agents, consultants and advisers disclaims any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion.

TRADING NEW SHARES

To the maximum extent permitted by law, the Company, the Share Registry, the Company's mailing house and each of their respective Beneficiaries will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade Prospectus Securities they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or its Share Registry or otherwise, or who otherwise trade or purport to trade Prospectus Securities in error or which they do not hold or are not entitled to.

If you are in any doubt, as to these matters you should first consult with your stockbroker, solicitor, accountant or other independent professional adviser.

NO ENTITLEMENTS TRADING

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, cannot be sold nor can they be privately transferred or otherwise disposed of.

GOVERNING LAW

This Prospectus, the Prospectus Offers and the contracts formed on acceptance of the Applications are governed by the law of Western Australia, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Western Australia, Australia.

DEFINED WORDS AND EXPRESSIONS

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined throughout the Prospectus or in the Glossary in Section 8.

References to "you" are references to Eligible Shareholders.

THIS DOCUMENT HAS BEEN AUTHORISED FOR RELEASE TO ASX BY THE COMPANY'S BOARD OF DIRECTORS.

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SUMMARY OF PROSPECTUS OFFERS¹

Entitlement Offer

TERM	SUMMARY
Entitlement Offer Shares	
Ratio	1 New Share for every 40 Existing Shares held by Eligible Shareholders
Offer Price	A\$1.16 per New Share (same Offer Price as the Placement)
Number of Entitlement Offer Shares offered under this Prospectus	Up to 4,493,075
Entitlement Offer Options²	
Ratio	1 Entitlement Offer Option for each Entitlement Offer Share issued
Consideration payable	Nil (the Entitlement Offer Options are free-attaching options)
Exercise Price	A\$1.74 per Entitlement Offer Option
Expiry Date	31 October 2027
Number of Entitlement Offer Options offered under this Prospectus	Up to 4,493,075
Effect of Entitlement Offer	
Gross proceeds (before costs)	Seeking to raise up to approximately A\$5.2 million ³
Shares on issue at completion of the Entitlement Offer	Up to 184,216,092
Options on issue at completion of the Entitlement Offer	Up to 4,493,075 ⁴

¹ The metrics used in this Prospectus are subject to rounding.

² The terms of the Entitlement Offer Options are set out in section 4.2 of this Prospectus.

³ The targeted offer amount is indicative only. The Entitlement Offer is not underwritten. As such there is no guarantee of the amount that will be raised (including whether the targeted amount will be raised). If the proceeds from the Entitlement Offer are less than required to meet ASM's proposed use of funds, ASM may review its proposed use of funds (including whether to scale back or defer investment) as well as consider alternative funding options. The targeted funding amount is based on the assumption that commitments of A\$5.2 million are received from existing investors to participate in the Entitlement Offer. If ASM determines to scale back its proposed use of funds, that will be done proportionately to the purposes described in Section 3.2 of this Prospectus.

⁴ Assuming that all Entitlements are taken up under the Entitlement Offer.

Nominal Options Offer⁵

TERM	SUMMARY
Offer Price	Nil
Number of Nominal Options offered under this Prospectus	Up to 100
Exercise Price	A\$1.74 per Nominal Option
Expiry Date	31 October 2027
Effect of Nominal Options Offer	
Gross proceeds (before costs)	Nil
Shares on issue at completion of the Nominal Options Offer	Up to 184,216,092 ⁶
Options on issue at completion of the Nominal Options Offer	Up to 17,424,210 ⁷

Total securities on issue

SECURITY	AS AT PROSPECTUS DATE	AFTER CLOSING OF ENTITLEMENT OFFER	AFTER CLOSING OF NOMINAL OPTIONS OFFER
Shares	179,723,017	Up to 184,216,092 ⁸	Up to 184,216,092
Options	Nil	Up to 4,493,075 ⁹	Up to 17,424,210 ¹⁰
Performance rights	1,089,365	1,089,365	1,089,365

⁵ The terms of the Nominal Options are set out in section 4.2 of this Prospectus.

⁶ Assuming no Entitlement Offer Options are exercised before completion of the Nominal Options Offer.

⁷ This figure assumes that Shareholder approval is obtained for the issue of Placement Options. If Shareholder approval is not obtained for the Placement Options, the Nominal Options Offer may not proceed. If that were to occur, only the Entitlement Offer Options would be issued.

⁸ Assuming all Entitlements are taken up under the Entitlement Offer.

⁹ Refer to footnote 4.

¹⁰ Refer to footnote 7.

KEY DATES

EVENT	DATE
Prospectus lodged with ASIC and released on ASX	Monday, 29 April 2024
Entitlement Offer Record Date	7.00pm on Thursday, 2 May 2024
Entitlement Offer and Nominal Options Offer opening date	Monday, 6 May 2024
Prospectus and Acceptance Form sent to Eligible Shareholders	
Entitlement Offer Closing Date (unless extended)	5:00pm on Monday, 20 May 2024
Entitlement Offer Shares and Entitlement Offer Options to be quoted on a deferred settlement basis.	Tuesday, 21 May 2024
Announce results of the Entitlement Offer	Monday, 27 May 2024
Entitlement Offer Shares and Entitlement Offer Options issued	
Deferred settlement trading ends at market close	
Entitlement Offer Shares and Entitlement Offer Options commence trading on ASX on a normal T+2 basis	From market open on Tuesday, 28 May 2024
Despatch of holding statements for Entitlement Offer Shares and Entitlement Offer Options issued under the Entitlement Offer	
First settlement of trades conducted on a T+2 basis	Thursday, 30 May 2024
Extraordinary general meeting of the Company (to seek approval for the issue of the Placement Options)	Wednesday, 19 June 2024
Placement Options issued (subject to obtaining shareholder approval)	Friday, 21 June 2024
Nominal Options Offer Closing Date (unless extended)	5:00pm on Monday, 24 June 2024
Nominal Options issued	Wednesday, 26 June 2024

This timetable above (and each reference to it or to dates in it in this Prospectus) is indicative only and subject to change without notice. All times and dates in the timetable refer to AEST. The Company reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the Entitlement Offer Closing Date and the Nominal Options Offer, to accept late Applications (either generally or in particular cases) and to withdraw the Entitlement Offer or the Nominal Options Offer, without prior notice at its absolute discretion. Any extension of the relevant closing date may have a consequential effect on the allotment date of the Prospectus Securities. The quotation of Prospectus Securities is subject to confirmation from ASX.

To the maximum extent permitted by law, the Company also reserves the right not to proceed with the Prospectus Offers in whole or in part at any time prior to allotment and issue of the Prospectus Securities for the relevant part of the Prospectus Offers. In that event, the relevant Application Money (without interest) will be returned in full to the relevant Applicants.

Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form or make payment by BPAY® (or, for Eligible Shareholders in New Zealand only, EFT and submit their Entitlement and Acceptance Form) as soon as possible after the Entitlement Offer opens.

Cooling off rights do not apply to an investment in Prospectus Securities. You cannot withdraw your Application once it has been accepted.

LETTER FROM THE CHAIRMAN

29 April 2024

On behalf of the Board of Australian Strategic Materials Limited (ACN 168 368 401) (**Company** or **ASM**), I am pleased to invite you to participate in a standard pro rata non-renounceable entitlement offer of 1 new fully paid ordinary share in ASM (**New Shares**) for every 40 Existing Shares held at the Record Date at an offer price of A\$1.16 (**Offer Price**) per New Share, to raise up to approximately A\$5.2 million. Eligible Shareholders will also receive one free Entitlement Offer Option for each New Share issued to them under the Entitlement Offer.

The Entitlement Offer forms part of the capital raising announced by ASM on Wednesday, 17 April 2024. The Entitlement Offer is being conducted in conjunction with the Placement (comprising an institutional placement of Placement Shares at the same offer price as the Entitlement Offer, together with one free Placement Option for each Placement Share, subject to shareholder approval)¹¹ to raise in aggregate up to approximately A\$20.2 million, before costs (together the Placement and the Entitlement Offer are the **Offer**).¹²

As announced on Wednesday, 17 April 2024, ASM has successfully completed the Placement. The Placement raised A\$15 million,¹³ and 12,931,035 Placement Shares were issued on Wednesday, 24 April 2024. As the issue of Placement Options is conditional on and subject to shareholder approval for the purposes of ASX Listing Rule 7.1 and 7.2 (Exception 17), and for all other purposes, Shareholders will be asked to approve the issue of Placement Options at an extraordinary general meeting of the Company, expected to be held on Wednesday, 19 June 2024 (**EGM**). A notice of meeting and explanatory memorandum in respect of the EGM will be made available to Shareholders in due course.¹⁴

This Prospectus relates to the Entitlement Offer and the Nominal Options Offer (defined below) (together, the **Prospectus Offers**).

USE OF PROCEEDS

ASM will use the proceeds of the Offer, together with existing cash and sources of liquidity, as follows:

- demonstration of required ASM co-commitments to enable government funding sourced to progress critical path items associated with taking the company to final investment decision; and
- corporate costs, general working capital and costs associated with the Offer.

Any funds raised through the exercise of the Prospectus Options issued under this Prospectus will be directed towards corporate costs and general working capital.

¹¹ The Placement of Placement Shares was undertaken within the Company's 15% placement capacity.

¹² The targeted offer amount is indicative only. The Entitlement Offer is not underwritten. As such there is no guarantee of the amount that will be raised (including whether the targeted amount will be raised). If the proceeds from the Entitlement Offer are less than required to meet ASM's proposed use of funds, ASM may review its proposed use of funds (including whether to scale back or defer investment) as well as consider alternative funding options. The targeted funding amount is based on the assumption that commitments of A\$5.2 million are received from existing investors to participate in the Entitlement Offer. If ASM determines to scale back its proposed use of funds, that will be done proportionately to the purposes described in Section 3.2 of this Prospectus.

¹³ This amount is current as at Friday, 26 April 2024 and is subject to final reconciliations being determined under the Placement.

¹⁴ It is expected that in accordance with Listing Rule 14.11.1, participants in the Placement and their associates (being, the class of persons expected to participate in the proposed issue of Placement Options) will be excluded from voting at the EGM, unless they are acting as proxy or solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided that certain conditions are met as set out in Listing Rule 14.11.

ENTITLEMENT OFFER

The Offer Price under the Entitlement Offer (being A\$1.16 per New Share) is the same Offer Price as for the Placement.

New Shares issued under the Offer will rank equally with Existing Shares. The Offer is not underwritten.

The number of Entitlement Offer Shares and Entitlement Offer Options that you are entitled to subscribe for under the Entitlement Offer is set out in your personalised Entitlement and Acceptance Form that will accompany this Prospectus when it is despatched to Eligible Shareholders on Monday, 6 May 2024.

Shareholders in the United States are not eligible to participate in the Entitlement Offer. Similarly, Shareholders (including nominees and custodians) who hold Shares on behalf of persons in the United States, or who are acting for the account or benefit of persons in the United States, are not eligible to participate in the Entitlement Offer on behalf of those persons.

Your Entitlement may have value and it is important that you determine whether to take up or do nothing in respect of your Entitlement. The Entitlement Offer is non-renounceable, which means your Entitlement will not be tradeable on ASX or any other exchange, they cannot be sold, and they cannot be privately transferred or otherwise disposed of. This means that Eligible Shareholders who do not take up their full Entitlement will not receive any payment or value for those Entitlements and their percentage holding in ASM will be reduced.

HOW TO APPLY TO PARTICIPATE IN THE ENTITLEMENT OFFER

To participate in the Entitlement Offer, please ensure that you validly accept your offer before the Entitlement Offer Closing Date (being 5:00pm (AEST) on Monday, 20 May 2024 (unless extended)). You can accept by paying your Application Money via BPAY®. If you choose to pay via BPAY®, while you are not required to submit the Entitlement and Acceptance Form, you will be taken to make the declarations, acknowledgements, representations, warranties and other confirmations on the Entitlement and Acceptance Form and in this Prospectus (including, without limitation, those outlined in the Important Notices and Section 2.13 of this Prospectus).

Detailed payment instructions are set out in the personalised Entitlement and Acceptance Form that accompanies this Prospectus.

NOMINAL OPTIONS OFFER

In addition to the Entitlement Offer, the Company is making an offer of up to 100 Nominal Options for nil consideration to select investor(s) (subject to the same exercise price and Expiry Date as the Entitlement Offer Options and Placement Options), to facilitate the secondary trading of Placement Options (in accordance with section 708A(11) of the Corporations Act) and any resulting New Share issued on exercise of a Placement Option (in reliance of the relief available under ASIC Instrument 2016/80).

STRONG SHAREHOLDER AND DIRECTOR SUPPORT INDICATED

The Entitlement Offer is being strongly supported by the Company's existing major shareholders and directors demonstrating their continued support for the Company and the long-term value proposition offered by development of ASM's key projects. ASM has received pre-commitments from major shareholders and directors, including from Mr Ian Gandel (the Company's Chair and major shareholder) via his investment entity Abbotsleigh Pty Ltd, totalling minimum subscriptions of approximately A\$1.4 million in the Entitlement Offer.

GENERAL

You should seek appropriate professional advice before making any investment decision. An investment in Prospectus Securities is subject to investment and other known and unknown risks. Please refer to the risk factors in Section 5 of this Prospectus for a summary of the general and specific risk factors that may affect ASM and any investment in Prospectus Securities.

If you have any questions about the Prospectus Offers, please contact the Offer Information Line on 1300 101 297 (from within Australia) or +61 2 9068 1929 (from outside Australia) at any time between 8.30am to 7.00pm (AEST), Monday to Friday during the relevant Offer Period or visit our website at <https://asm-au.com>.

The Board encourages you to consider participating in the Entitlement Offer and thanks you for your continued support of ASM.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ian Gandel', written in a cursive style.

Ian Gandel, Chairman

Australian Strategic Materials Limited

1 FREQUENTLY ASKED QUESTIONS

QUESTION	ANSWER	REFER TO
<i>The Prospectus Offers</i>		
Who is the issuer of the Prospectus Securities?	Australian Strategic Materials Limited (ACN 168 368 401) (ASX: ASM).	Important Notices
What are the Prospectus Offers?	<p>The "Prospectus Offers" are the offers being made by the Company under this Prospectus for the issue of certain securities in the Company. They are:</p> <ul style="list-style-type: none"> the Entitlement Offer (relating to the proposed issue of New Shares and attaching options); and the Nominal Options Offer (relating to the proposed issue of options for nil consideration). <p>The Placement is not one of the Prospectus Offers.</p>	Section 2
What is the Entitlement Offer?	<p>The Entitlement Offer is a standard pro rata non-renounceable entitlement offer of 1 New Share for every 40 Existing Shares held by Eligible Shareholders at 7.00pm (AEST) on the Record Date, at an Offer Price of A\$1.16 per New Share, to raise up to approximately A\$5.2 million.¹⁵</p> <p>Participants in the Entitlement Offer will also receive 1 free Entitlement Offer Option for every New Share issued to them under the Entitlement Offer. The Entitlement Offer Options will have an exercise price of A\$1.74 per Entitlement Offer Option, and an expiry date of 31 October 2027.</p>	Section 2.1
Is the Entitlement Offer underwritten?	The Entitlement Offer is not underwritten.	Section 2.1
Will the Entitlement Offer have an effect on the control of the Company?	<p>The potential effect that the issue of Entitlement Offer Shares and Entitlement Offer Options under the Entitlement Offer will have on the control of ASM, and the consequences of that effect, will depend on a number of factors, including investor demand and the extent to which Eligible Shareholders take up their Entitlements under the Entitlement Offer, given that the Entitlement Offer is not underwritten.</p> <p>However, having regard to the composition of the Company's share register and the terms of the Entitlement Offer, the Company does not expect the issue of Entitlement Offer Shares</p>	Section 3.7

¹⁵ The targeted offer amount is indicative only. The Entitlement Offer is not underwritten. As such there is no guarantee of the amount that will be raised (including whether the targeted amount will be raised). If the proceeds from the Entitlement Offer are less than required to meet ASM's proposed use of funds, ASM may review its proposed use of funds (including whether to scale back or defer investment) as well as consider alternative funding options. The targeted funding amount is based on the assumption that commitments of A\$5.2 million are received from existing investors to participate in the Entitlement Offer. If ASM determines to scale back its proposed use of funds, that will be done proportionately to the purposes described in Section 3.2 of this Prospectus.

QUESTION	ANSWER	REFER TO												
	or Entitlement Offer Options under the Entitlement Offer (or the exercise of those Entitlement Offer Options at a later point in time) to have a material effect on the control of the Company.													
What is the Nominal Options Offer?	In addition to the Entitlement Offer, the Company is making an offer of up to 100 Nominal Options for nil consideration to select investors (subject to the same Exercise Price and Expiry Date as the Entitlement Offer Options), to facilitate the secondary trading of Placement Options (in accordance with section 708A(11) of the Corporations Act) and any resulting New Share issued on exercise of a Placement Option (in reliance on the relief available under ASIC Instrument 2016/80).	Section 2.8												
What effect will the Nominal Options Offer have on the control of the Company?	Due to the limited number of Nominal Options that are being issued under the Nominal Options Offer, the issue of those Nominal Options alone is not expected to have any material effect on the control of the Company.	Section 3.7												
What is the Placement?	<p>The Placement comprised the issue of 12,931,035 New Shares at an Offer Price of A\$1.16 per New Share, along with, subject to shareholder approval, 1 free-attaching Option for every 1 New Share subscribed for (Placement Options).</p> <p>If shareholder approval for the issue of the Placement Options is not received at the EGM, the Placement Options will not be issued.</p>	Section 3.2												
What will the proceeds from the Prospectus Offers be used for?	<p>ASM will use the proceeds of the Entitlement Offer and Placement, together with existing cash and sources of liquidity, as follows:</p> <ul style="list-style-type: none"> demonstration of required ASM co-commitments to enable government funding sourced to progress critical path items associated with taking the company to final investment decision; and corporate costs, general working capital and costs associated with the Offer. <p>A summary of the allocation of funds across those purposes is set out below. Please also refer to Section 3.2.</p> <table border="1"> <thead> <tr> <th>USE OF OFFER FUNDS</th> <th>AMOUNT</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Co-commitment government funds</td> <td>Up to A\$15 million</td> <td>~75%</td> </tr> <tr> <td>Working capital</td> <td>Up to A\$5.2 million</td> <td>~25%</td> </tr> <tr> <td>Total</td> <td>Up to A\$20.2 million</td> <td>100%</td> </tr> </tbody> </table> <p>No funds will be raised through the issue of Nominal Options under the Nominal Options Offer.</p>	USE OF OFFER FUNDS	AMOUNT	%	Co-commitment government funds	Up to A\$15 million	~75%	Working capital	Up to A\$5.2 million	~25%	Total	Up to A\$20.2 million	100%	Section 3.2
USE OF OFFER FUNDS	AMOUNT	%												
Co-commitment government funds	Up to A\$15 million	~75%												
Working capital	Up to A\$5.2 million	~25%												
Total	Up to A\$20.2 million	100%												

QUESTION	ANSWER	REFER TO
	Any funds raised through the exercise of the Prospectus Options issued under this Prospectus will be directed towards corporate costs and general working capital.	
Participating in the Entitlement Offer		
Who can participate in the Entitlement Offer?	Only Eligible Shareholders may participate in the Entitlement Offer.	Section 2.2
Am I an Eligible Shareholder?	<p>Eligible Shareholders are Shareholders who:</p> <ul style="list-style-type: none"> • are registered as a holder of Existing Shares on the Company’s share register on the Record Date, being 7.00pm (AEST) Thursday, 2 May 2024; • have a registered address in Australia or New Zealand on the Record Date as noted on the Company’s share register or are persons that the Company has determined in its discretion are Eligible Shareholders; • are not in the United States and are not acting for the account or benefit of a person in the United States; and • are eligible under all applicable securities laws to receive an offer under, and participate in, the Entitlement Offer without a prospectus or other disclosure document or any lodgement, filing, registration or qualification, <p>provided (for the avoidance of doubt) that if a Shareholder (including a nominee, trustee or custodian) is acting for the account or benefit of a person in the United States, it may not participate in the Entitlement Offer on behalf of that person.</p>	Section 2.2
What can I do with my Entitlement?	<p>Eligible Shareholders may take one of the following actions:</p> <ul style="list-style-type: none"> • take up all of your Entitlement by 5.00pm (AEST) on the Entitlement Offer Closing Date; • take up part of your Entitlement by 5.00pm (AEST) on the Entitlement Offer Closing Date and allow the balance to lapse, in which case you will receive no value for your lapsed Entitlement; or • do nothing, in which case your Entitlement will lapse and you will receive no value for your lapsed Entitlement. 	Section 2.4
Can I apply for New Shares in excess of my Entitlement?	No. Eligible Shareholders may only submit an Application to the extent of their Entitlement.	Section 2.4

QUESTION	ANSWER	REFER TO
Can I sell or transfer my Entitlement?	<p>The Entitlement Offer is non-renounceable. Accordingly, Entitlements cannot be traded on ASX or any other exchange, nor can they be sold, privately transferred or otherwise disposed of.</p> <p>Any Entitlements not taken up will lapse and no value will be received for them.</p>	Section 2.3
Is there a minimum subscription to participate in the Entitlement Offer?	<p>There is no minimum subscription to participate in the Entitlement Offer.</p>	Section 2.1
How do I accept my Entitlement?	<p>To participate in the Entitlement Offer, please ensure that you validly accept your offer, before the Entitlement Offer Closing Date (being 5:00pm (AEST) on Monday, 20 May 2024 (unless extended)).</p> <p>You can accept your Entitlement by paying your Application Money via BPAY®. If you choose to pay via BPAY®, while you are not required to submit the Entitlement and Acceptance Form, you will be taken to make the declarations, acknowledgements, representations, warranties and other confirmations on the Entitlement and Acceptance Form and in this Prospectus.</p> <p>The Company encourages payments by BPAY® if possible. However, if you are unable, or do not wish, to pay via BPAY®, you may make payment by accessing EFT instructions with a personalised reference number via contacting the Share Registry at 1300 101 297 (within Australia) and +61 2 9068 1929 (outside of Australia). Please refer to Section 2.7(b) of this Prospectus for further information .</p>	Sections 2.4 and 2.7
Can I withdraw my Application?	<p>A payment made through BPAY®, EFT or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Money constitutes a binding offer to acquire New Shares and corresponding Entitlement Offer Options on the terms and conditions set out in this Prospectus and the accompanying Entitlement and Acceptance Form and, once lodged or paid, cannot be withdrawn.</p>	Section 2.7(c)
Are any substantial shareholders or Directors of the Company participating in the Prospectus Offers?	<p>ASM has received pre-commitments from major shareholders and Directors, including from Mr Ian Gandel (the Company's Chair and major shareholder) via his investment entity Abbotsleigh Pty Ltd (Abbotsleigh), totalling minimum subscriptions of approximately A\$1.4 million in the Entitlement Offer.</p> <p>Please also refer to Section 3.7 of this Prospectus for a summary of the expected effect of the Entitlement Offer on the control of the Company.</p>	Section 3.5

QUESTION	ANSWER	REFER TO
Prospectus Securities		
What are the Prospectus Securities?	<p>The Prospectus Securities are the securities offered to Eligible Shareholders under the Prospectus Offers, being:</p> <ul style="list-style-type: none"> • Entitlement Offer Shares; • Entitlement Offer Options; and • Nominal Options. 	N/A
What are the key terms of the New Shares being offered under the Entitlement Offer?	<p>Each New Share issued under this Prospectus, or on the exercise of the Prospectus Options, will rank equally with the Shares on issue as at the date of this Prospectus, and will be able to be traded immediately. Further information regarding the key terms of, and the rights and liabilities attaching to the New Shares, is set out in Section 4.1 of this Prospectus.</p>	Section 4.1
What are the key terms of the Prospectus Options?	<p>Each Prospectus Option, among other things:</p> <ul style="list-style-type: none"> • has an exercise price of A\$1.74; • may be exercised at any time from the date of issue until 5.00pm (AEST) on 31 October 2027; • subject to quotation of the Prospectus Options by ASX, will be freely transferable, subject to any restrictions under the ASX Listing Rules and the Corporations Act; and • all New Shares issued upon exercise of the Prospectus Options and payment of the Exercise Price will rank equally in all respects with ASM's then existing Shares. <p>Further information regarding the key terms of, and the rights and liabilities attaching to the Prospectus Options, is set out in Sections 4.2 and 4.3 of this Prospectus.</p>	Sections 4.2 and 4.3
Will the Entitlement Offer Shares and Entitlement Offer Options be quoted?	<p>The Company applied to ASX for official quotation of the Entitlement Offer Shares and the Entitlement Offer Options on 17 April 2024.</p> <p>Official quotation of the Prospectus Options (which includes the Entitlement Offer Options) is dependent on the satisfaction of among other things, ASX Listing Rule 2.5, condition 6, which requires that there are at least 100,000 options on issue and 50 holders of options with a 'marketable parcel' (excluding restricted securities). Please refer to Section 2.9 of this Prospectus for further information.</p>	Section 2.9
Are the Prospectus Offers subject to Shareholder approval?	<p>Neither the Entitlement Offer nor Nominal Options Offer is subject to Shareholder approval.</p>	Sections 2.1 and 2.8

QUESTION	ANSWER	REFER TO
<i>Other</i>		
When is the EGM?	<p>The Company expects that the EGM will be held on Wednesday, 19 June 2024. The time and location of the EGM will be confirmed in the notice of meeting.</p> <p>The notice of meeting and explanatory memorandum in respect of the EGM will be made available to Shareholders in due course.</p>	Chairman's letter
What are Shareholders being asked to vote on at the EGM?	As the issue of Placement Options is conditional on and subject to Shareholder approval for the purposes of ASX Listing Rule 7.1, Shareholders will be asked to approve the issue of Placement Options.	Chairman's letter
Can I vote at the EGM?	<p>All Shareholders registered on the ASM share register as at the record date for the EGM can vote at the EGM (unless a voting exclusion applies).</p> <p>The notice of meeting and explanatory memorandum in respect of the EGM will be made available to Shareholders in due course.</p>	Chairman's letter
What are the key risks associated with the Company and the Prospectus Securities?	Eligible Shareholders should consider the specific and general risk factors described in Section 5, together with information contained elsewhere in this Prospectus, and consult their professional advisers before deciding whether to apply for Prospectus Securities pursuant to this Prospectus.	Section 5
Are there any taxation implications of participating in the Prospectus Offers?	Yes. Eligible Shareholders should consider the taxation implications of the Prospectus Offers described in Section 6.8, and consult their accountants and/or tax advisers before deciding whether to apply for Prospectus Securities pursuant to this Prospectus.	Section 6.8
What if I have any further questions about the Prospectus Offers or how to apply?	If you have any questions about the Prospectus Offers, please contact the Information Line on 1300 101 297 (from within Australia) or +61 2 9068 1929 (from outside Australia) at any time between 8.30am to 7.00pm (AEST), Monday to Friday during the relevant Offer Period or visit our website at https://asm-au.com .	N/A

2 DETAILS OF THE PROSPECTUS OFFERS

2.1 ENTITLEMENT OFFER SUMMARY

This Prospectus relates to a standard pro rata non-renounceable entitlement offer of 1 New Share for every 40 Existing Shares held by Eligible Shareholders at the Record Date, at an Offer Price of A\$1.16 per New Share, to raise up to approximately A\$5.2 million.¹⁶

Participants in the Entitlement Offer will also receive 1 free Entitlement Offer Option for every New Share issued to them under the Entitlement Offer. The Entitlement Offer Options will have an Exercise Price of A\$1.74 per Entitlement Offer Option, and an expiry date of 31 October 2027.

The Entitlement Offer is not underwritten and there is no minimum subscription for the Entitlement Offer. The issue of Entitlement Offer Shares and Entitlement Offer Options is not subject to obtaining Shareholder approval.

All New Shares issued under the Entitlement Offer and New Shares issued on exercise of the Entitlement Offer Options will rank equally with the Existing Shares on issue as at the Prospectus Date. Refer to Section 4.1 for a summary of the rights and liabilities attaching to New Shares. Refer to Section 4.3 for a summary of the rights and liabilities attaching to the Entitlement Offer Options.

Fractional Entitlements will be rounded up to the nearest whole number. Eligible Shareholders may subscribe for all or part of their Entitlement, or do nothing and let their Entitlement lapse. An Entitlement and Acceptance Form setting out your Entitlement accompanies this Prospectus.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Sections 3.1 and 3.2 of this Prospectus.

2.2 ELIGIBILITY TO PARTICIPATE IN ENTITLEMENT OFFER

The Entitlement Offer is being offered to Eligible Shareholders only.

Eligible Shareholders are Shareholders who:

- (a) are registered as a holder of Existing Shares on the Company's share register on the Record Date, being 7.00pm (AEST) Thursday, 2 May 2024;
- (b) have a registered address in Australia or New Zealand on the Record Date as noted on the Company's share register or are persons that the Company has determined in its discretion are Eligible Shareholders;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under, and participate in, the Entitlement Offer without a prospectus or other disclosure document or any lodgement, filing, registration or qualification,

provided (for the avoidance of doubt) that if a Shareholder (including a nominee, trustee or custodian) is acting for the account or benefit of a person in the United States, it may not participate in the Entitlement Offer on behalf of that person.

If you are a Retail Client and you wish to participate in the Entitlement Offer, you must also be in the Target Market for the New Options. Refer to the Important Notices for further information. The TMD is available on the Company's website at <https://asm-au.com>.

¹⁶ The targeted offer amount is indicative only. The Entitlement Offer is not underwritten. As such there is no guarantee of the amount that will be raised (including whether the targeted amount will be raised). If the proceeds from the Entitlement Offer are less than required to meet ASM's proposed use of funds, ASM may review its proposed use of funds (including whether to scale back or defer investment) as well as consider alternative funding options. The targeted funding amount is based on the assumption that commitments of A\$5.2 million are received from existing investors to participate in the Entitlement Offer. If ASM determines to scale back its proposed use of funds, that will be done proportionately to the purposes described in Section 3.2 of this Prospectus.

If you are a Shareholder who is not an Eligible Shareholder, you are an **Ineligible Shareholder**. Ineligible Shareholders are not entitled to participate in the Entitlement Offer.

The Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders after taking into account the legal and regulatory requirements in certain countries and because of the relatively small number of those Shareholders in certain countries, the number and value of Entitlement Offer Shares and Entitlement Offer Options those Shareholders would otherwise be entitled to and the cost of complying with the applicable laws and the requirements of any regulatory authority in jurisdictions outside Australia and New Zealand, but reserves its right to do so (subject to compliance with relevant laws).

2.3 NON-RENOUNCEABLE OFFER

The Entitlement Offer is non-renounceable. Accordingly, Entitlements cannot be traded on ASX or any other exchange, nor can they be sold, privately transferred or otherwise disposed of.

Any Entitlements not taken up will lapse and no value will be received for them.

2.4 PARTICIPATION IN ENTITLEMENT OFFER

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 40 Existing Shares held on the Record Date, and 1 Entitlement Offer Option for each New Share issued to you under the Entitlement Offer, with fractional Entitlements rounded up to the nearest whole number) will accompany this Prospectus when it is despatched to Eligible Shareholders. Eligible Shareholders may subscribe for all or part of their Entitlement, or do nothing and let their Entitlement lapse.

If you have more than one registered holding of Shares, you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Please note that the Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to the definition of Eligible Shareholders in Section 2.2 of this Prospectus).

Eligible Shareholders who hold Shares in the capacity of a nominee, trustee or custodian (or in any other capacity) for a person that is in the United States, or who are otherwise acting for the account or benefit of a person in the United States, cannot take up Entitlements or purchase New Shares or Entitlement Offer Options on behalf of that person. See Section 2.15 of this Prospectus for the notice to nominees, trustees and custodians.

Eligible Shareholders should be aware that an investment in the Company involves both known and unknown risks. The Company does not guarantee the performance of the Entitlement Offer Shares or Entitlement Offer Options offered under the Entitlement Offer or the performance of the Company, nor does it guarantee repayment of capital from the Company. The key risks identified by the Company are set out in Section 5 of this Prospectus.

All Eligible Shareholders who apply to participate in the Entitlement Offer are taken to make the declarations, acknowledgements, representations, warranties and other confirmations on the Entitlement and Acceptance Form and in this Prospectus (including, without limitation, in the Important Notices and Section 2.13 of this Prospectus).

If you are an Eligible Shareholder,¹⁷ you may take one of the following actions:

¹⁷ See Section 2.2 of this Prospectus.

- (a) take up **all** of your Entitlement by 5.00pm (AEST) on the Entitlement Offer Closing Date;
- (b) take up **part** of your Entitlement by 5.00pm (AEST) on the Entitlement Offer Closing Date and allow the balance to lapse, in which case you will receive no value for your lapsed Entitlement; or
- (c) **do nothing**, in which case your Entitlement will lapse and you will receive no value for your lapsed Entitlement.

2.5 VALIDITY OF ACCEPTANCE FORMS

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or reject any payment and / or Entitlement and Acceptance Form that is received after 5.00pm (AEST) on the Entitlement Offer Closing Date. If your Entitlement and Acceptance Form, or any payment you make, is rejected, those Entitlements will lapse. The Company's decision whether to treat an Application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe the Applicant has not received a complete copy of the Prospectus or it has reason to believe that the Entitlement and Acceptance Form has been altered in any way.

2.6 BROKERAGE AND STAMP DUTY

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement (or the Nominal Options Offer). No stamp duty is payable for subscribing for Prospectus Securities under the Prospectus Offers as long as ASM remains on the official list of ASX, all of its shares are quoted on the ASX and no holder (alone or with associates as defined in the duties legislation) will start to hold a 90% or more interest in ASM. In some circumstances, interests of persons who are not associates can be aggregated together in determining whether that threshold is met or exceeded.

2.7 PAYMENT METHODS

You are encouraged to pay your Application Money using BPAY® if possible (see Section 2.7(a) of this Prospectus). If you are a New Zealand Shareholder who does not have an Australian bank account or do not wish to pay via BPAY®, see Section 2.7(b) of this Prospectus. Cash payments will not be accepted. Receipts for payment will not be issued. All payments must be in Australian dollars.

The Company will treat you as applying for as many New Shares and corresponding Entitlement Offer Options as your payment will pay for in full up to your Entitlement.

Any Application Money received for more than your final allocation of New Shares (and by consequence, the Entitlement Offer Options) will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Applicants on any Application Money received or refunded.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the Company's share register as at the Entitlement Offer Closing Date or by cheque sent by ordinary post to your address as recorded on the Company's share register (the registered address of the first-named in the case of joint holders).

If you wish to advise or change your banking instructions with the Share Registry you may do so by contacting the Share Registry at 1300 101 297 (within Australia) and +61 2 9068 1929 (outside of Australia) before the Entitlement Offer Closing Date.

(a) **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form or available online at <https://investor.automic.com.au/#!/home>. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

Please note that by paying by BPAY®:

- (i) you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, acknowledgements, representations, warranties and other confirmations on that Entitlement and Acceptance Form and in this Prospectus (including, without limitation, the Important Notices and Section 2.13 of this Prospectus);
- (ii) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of the whole number of New Shares and corresponding Entitlement Offer Options which is covered in full by your Application Money; and
- (iii) if you pay for more than your full Entitlement, that additional amount will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Applicants on any Application Money received or refunded.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AEST) on Monday, 20 May 2024 (being the Entitlement Offer Closing Date). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

(b) If you are unable to pay by BPAY®

The Company encourages payments by BPAY® if possible.

If you are a New Zealand Shareholder who does not have an Australian bank account or do not wish to pay via BPAY®, you may make payment by accessing EFT instructions with a personalised reference number via contacting the Share Registry at 1300 101 297 (within Australia) and +61 2 9068 1929 (outside of Australia).

If you make payment by EFT, you must return your completed personalised Entitlement and Acceptance Form to the Share Registry via contacting the Share Registry at 1300 101 297 (within Australia) and +61 2 9068 1929 (outside of Australia). It is your responsibility to ensure that your payment via EFT and your completed personalised Entitlement and Acceptance Form are received by the Share Registry by no later than 5.00pm (AEST) on Monday, 20 May 2024 (being the Entitlement Offer Closing Date). Further details are set out on your personalised Entitlement and Acceptance Form.

By returning your personalised Entitlement and Acceptance Form, you will be taken to make the declarations, acknowledgements, representations, warranties and other confirmations on that Entitlement and Acceptance Form and in this Prospectus (including, without limitation, the Important Notices and Section 2.13 of this Prospectus).

(c) Payment through BPAY®, EFT or submission of Entitlement and Acceptance Form is binding

A payment made through BPAY®, EFT or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Money constitutes a binding offer to acquire New Shares and corresponding Entitlement Offer Options on the terms and conditions set out in this Prospectus and the accompanying Entitlement and Acceptance Form and, once lodged or paid, cannot be withdrawn.

2.8 NOMINAL OPTIONS OFFER

In addition to the Entitlement Offer, the Company is making an offer of up to 100 Nominal Options for nil consideration to select investor(s) (subject to the same Exercise Price and Expiry Date as the

Entitlement Offer Options), to facilitate the secondary trading of Placement Options (in accordance with section 708A(11) of the Corporations Act) and any resulting New Share issued on exercise of a Placement Option (in reliance on the relief available under ASIC Instrument 2016/80).¹⁸ Refer to Section 3 of this Prospectus for a summary of the purpose of the Nominal Options Offer.

The Nominal Options offered under this Prospectus:

- (a) will rank equally with the Entitlement Offer Options issued under the Entitlement Offer and (subject to shareholder approval) the Placement Options issued under the Placement;
- (b) are intended to be quoted in the same class as the Entitlement Offer Options and Placement Options; and
- (c) will have the same rights and liabilities attaching to them as the Entitlement Offer Options and Placement Options (refer to Sections 4.2 and 4.3 of this Prospectus).

There is no minimum subscription for the Nominal Options, and oversubscriptions will not be accepted. The issue of Nominal Options is not subject to obtaining Shareholder approval.

The Company will invite select investor(s) to participate in the Nominal Options Offer by providing a personalised Nominal Options Offer Acceptance Form to those investors with a copy of this Prospectus.

The Company reserves the right to reject any Nominal Options Offer Acceptance Form that is not correctly completed or reject any payment and / or Nominal Options Offer Acceptance Form that is received after 5.00pm (AEST) on the Nominal Options Offer Closing Date. If your Nominal Options Offer Acceptance Form is rejected, your offer of Nominal Options will lapse. The Company's decision how to construe, amend or complete the Nominal Options Offer Acceptance Form is final.

2.9 ASX QUOTATION

The Company applied to ASX for official quotation of the Entitlement Offer Shares and the Entitlement Offer Options on 17 April 2024.¹⁹

The Company will apply for official quotation of the Nominal Options within seven days of the date of this Prospectus.

Official quotation of the Prospectus Options is dependent on the satisfaction of among other things, ASX Listing Rule 2.5, condition 6, which requires that there are at least 100,000 options on issue²⁰ and 50 holders of options with a 'marketable parcel' (excluding restricted securities) (**Quotation Condition**).

As at the Prospectus Date, the Company cannot guarantee that the Quotation Condition will be satisfied. If ASX does not grant permission for the Prospectus Options to be quoted within three months after the date of this Prospectus, the provisions of section 724(2) of the Corporations Act will apply.

The fact that ASX may grant official quotation to the Prospectus Securities is not to be taken in any way as an indication of the merits of the Company or the Prospectus Securities offered under this Prospectus.

¹⁸ As the purpose of the Nominal Options Offer is to facilitate the secondary trading of the Placement Options, the Nominal Options Offer may not proceed if Shareholder approval is not obtained at the EGM for the issue of the Placement Options.

¹⁹ Refer to the announcement "*Proposed issue of securities - ASM*", dated 17 April 2024.

²⁰ Refer to Section 3.3 for the maximum number of Prospectus Options that may be on issue following completion of the Prospectus Offers.

2.10 ISSUE

ASM currently expects that:

- (a) Entitlement Offer Shares²¹ and Entitlement Offer Options will be issued on or about Monday, 27 May 2024; and
- (b) Nominal Options under the Nominal Options Offer will be issued on or about Wednesday, 26 June 2024.²²

Holding statements for Prospectus Securities granted under the Prospectus Offers will be mailed as soon as reasonably practicable after the relevant Prospectus Securities are issued.

2.11 SHORTFALL SECURITIES

ASM reserves the right to place the balance of any Entitlement Offer Shares and corresponding Entitlement Offer Options that are not applied for by Eligible Shareholders under the Entitlement Offer (**Shortfall Securities**), at the absolute discretion of the Board, within three months of the close of the Entitlement Offer in accordance with ASX Listing Rule 7.2 (Exception 3).

Any Shortfall Securities would be offered at a price not less than the Offer Price as offered under the Entitlement Offer. The Board may, in its absolute discretion, invite other new investors and/or existing ASM shareholders to apply for Shortfall Securities. If there are Shortfall Securities and the number of such shares is insufficient to satisfy applications, the Board's decision as to the number of Shortfall Securities to be issued, and to whom, is final.

2.12 CHESS AND ISSUER SPONSORSHIP

The Company will not be issuing share or option certificates with respect to the Prospectus Securities. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Since the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation. All Prospectus Securities will be issuer sponsored.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors in New Shares will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (HIN) or Security Holder Reference Number (SRN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Investors in Prospectus Options will receive an issuer sponsored holding statement from the Share Registry setting out the number of Prospectus Options issued to them under this Prospectus.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

2.13 ACKNOWLEDGEMENTS

By making a payment by BPAY® or EFT or by completing and returning your Acceptance Form with the requisite Application Money, you will also be deemed to have declared, acknowledged, represented, warranted and confirmed on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are (or the person on whose account you are acting is) an Eligible Shareholder;
- (b) in respect of the Entitlement Offer only, you were the registered holder(s) at the Record Date of the Existing Shares indicated on your personalised Entitlement and Acceptance Form as being

²¹ Under ASM's existing quoted class of fully paid ordinary shares.

²² Refer to the "Key Dates" section of this Prospectus.

held by you on the Record Date and agree that Section 2.14 of this Prospectus will apply to any reconciliation of holdings that are required;

- (c) you have received a copy of this Prospectus and the Acceptance Form and that you have been informed that you should read this Prospectus and the accompanying Acceptance Form in their entirety;
- (d) you agree to be bound by the terms of the Entitlement Offer or the Prospectus Offers (if applicable), the provisions of this Prospectus, and the Company's Constitution;
- (e) you authorise the Company to register you as the holder(s) of Prospectus Securities issued or allotted to you under the Prospectus Offers;
- (f) all details and statements in the Acceptance Form are complete and accurate;
- (g) you are over 18 years of age and have full legal capacity and power to perform all of your obligations and exercise your rights under this Prospectus and the Acceptance Form;
- (h) you accept that there is no cooling off period under the Prospectus Offers and you acknowledge that once the Company or the Share Registry receives your Acceptance Form or any payment of Application Money via Bpay® or EFT, you may not withdraw your Application or funds provided (except as allowed by law);
- (i) in respect of the Entitlement Offer only, you agree to apply for and be issued up to the number of Entitlement Offer Shares and Entitlement Offer Options specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Money via Bpay® or EFT, at the Offer Price per New Share subject to the terms and conditions of this Prospectus and the Entitlement and Acceptance Form (including in respect of any rounding);
- (j) in respect of the Nominal Options Offer only (if applicable), you agree to apply for and be issued up to the number of Nominal Offer Options specified in the Acceptance Form subject to the terms and conditions of this Prospectus and the Acceptance Form (including in respect of any rounding);
- (k) in respect of the Entitlement Offer only, you acknowledge that if you are making payment by EFT, you must also return your completed Entitlement and Acceptance Form to the Share Registry so that it is received by the Entitlement Offer Closing Date in accordance with the instructions on the Entitlement and Acceptance Form;
- (l) you authorise the Company, the Share Registry and their respective directors, officers, employees, partners, advisers and agents to do anything on your behalf necessary for Prospectus Securities to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Acceptance Form;
- (m) you authorise the Company to correct any errors in your personalised Acceptance Form or other form provided by you;
- (n) you authorise the Company to publicly disclose relevant details in relation to your holding of Prospectus Options (including your name) as required to comply with applicable laws (including the ASX Listing Rules);
- (o) you acknowledge the information contained in this Prospectus and your personalised Acceptance Form is not investment advice or financial product advice nor a recommendation that Prospectus Securities are suitable for you given your investment objectives, financial situation or particular needs;
- (p) you acknowledge the statement of risks in Section 5 of this Prospectus, and that investments in the Company are subject to investment risk;

- (q) in respect of the Entitlement Offer only, you agree to provide (and where applicable direct your nominee, trustee or custodian to provide) the Company or the Share Registry any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Existing Shares on the Record Date;
- (r) in respect of the Entitlement Offer only, for the benefit of the Company and its respective related bodies corporate and affiliates, you:
- (i) declare that you are not an Ineligible Shareholder and are otherwise eligible to participate in the Entitlement Offer; and
 - (ii) confirm that, to the best of your knowledge and belief, no foreign law prohibits you from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for, or being issued, Entitlement Offer Shares and Entitlement Offer Options;
- (s) in respect of the Nominal Options Offer only, for the benefit of the Company and its respective related bodies corporate and affiliates, you:
- (i) declare that you are not an Ineligible Shareholder and are otherwise eligible to participate in the Nominal Options Offer; and
 - (ii) confirm that, to the best of your knowledge and belief, no foreign law prohibits you from being given this Prospectus and the Nominal Offer Options Acceptance Form, nor does it prohibit you from making an Application for, or being issued, Nominal Options;
- (t) you acknowledge and agree that:
- (i) eligibility of investors for the purposes of the Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and Share Registry constraints and the discretion of the Company; and
 - (ii) each of the Company and its Beneficiaries exclude and expressly disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- (u) you acknowledge and agree that your Application may be rejected by the Company if the Company determines in its absolute discretion that you (or the person on whose account you are acting) are not Eligible Shareholder;
- (v) you acknowledge and agree that none of the Company, nor any of its respective Beneficiaries, guarantee the performance of the Prospectus Securities or the performance of the Company, nor do they guarantee the repayment of capital from the Company;
- (w) you acknowledge that if you are accessing your personalised Acceptance Form and the Prospectus on a website, you are responsible for protecting against viruses and other destructive items which might compromise confidentiality and your details and that your use of the online Prospectus or the Company's Offer website at <https://investor.automic.com.au/#/home> is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses, items of a destructive nature or items which might compromise confidentiality;
- (x) you acknowledge that, if you are receiving this Prospectus in an electronic form, documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Share Registry, the Company's mailing house or any of their respective Beneficiaries accepts any liability or responsibility whatsoever (including for any fault or negligence) in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from the Share Registry;

- (y) you declare that that you are not in the United States and you are not acting for, subscribing for or purchasing Prospectus Securities for the account or benefit of a person in the United States and to the best of your knowledge and belief, you are not otherwise a person to whom it would be illegal to make an offer of or issue of Prospectus Securities under the Prospectus Offers and under any applicable laws and regulations;
- (z) you acknowledge that the Prospectus Securities have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. Accordingly, you understand that the Entitlements Offer may not be taken up by, and the Prospectus Securities issued pursuant to the Prospectus Offers may not be offered or sold, directly or indirectly to, persons in the United States or persons that are acting for the account or benefit of persons in the United States (to the extent those persons are acting for the account or benefit of a person in the United States);
- (aa) you declare that to the best of your knowledge and belief, you are subscribing for or purchasing the Prospectus Securities outside the United States in an “offshore transaction” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- (bb) you declare that you are not engaged in the business of distributing securities;
- (cc) you acknowledge and agree that each person on whose account you are acting have not and will not send this Prospectus, the Acceptance Form or any other materials relating to the Prospectus Offers to any person in the United States or any other country outside Australia and New Zealand (other than with the express prior written consent of the Company);
- (dd) you agree that if in the future you decide to sell or otherwise transfer Prospectus Securities acquired under the Prospectus Offers, you must only do so in “regular way” transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;
- (ee) in respect of the Entitlement Offer only, you declare that you are eligible under applicable securities laws to exercise Entitlements and acquire Entitlement Offer Shares and Entitlement Offer Options under the Entitlement Offer;
- (ff) in respect of the Nominal Options Offer only, you declare that you are eligible under applicable securities laws to acquire Nominal Options under the Nominal Options Offer;
- (gg) you acknowledge that the Company may not pay dividends, or that any dividends paid may not be franked;
- (hh) you acknowledge and agree that the Prospectus Offers (or part of the Prospectus Offers) may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus;
- (ii) you declare that you are in compliance with all relevant laws and regulations (including, without limitation, section 1043A of the Corporations Act and laws and regulations designed to restrict terrorism financing and/or money laundering);
- (jj) acknowledge that the market price of the Prospectus Securities may fall as well as rise between the date the Prospectus Offers open and the date of issue of the Prospectus Securities to you under the Prospectus Offers and that the price you pay per Prospectus Security under the Prospectus Offers may exceed the market price of the Prospectus Securities at the time the Prospectus Securities are issued to you under the Prospectus Offers; and
- (kk) you declare that, if you are acting as a nominee, trustee or custodian:
 - (i) the Company is not required to determine whether or not any registered Shareholder is acting as a nominee, trustee or custodian or the identity or residence of any beneficial owners of the Shares;

- (ii) where any holder is acting as a nominee, trustee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws and that this is not the responsibility of the Company;
- (iii) each beneficial holder on whose behalf you are submitting the Acceptance Form is resident in Australia or New Zealand and is not in the United States, and you are not acting for the account or benefit of a person in the United States (to the extent you hold Shares for the account or benefit of a person in the United States), or any other country except as the Company may otherwise permit in compliance with applicable law; and
- (iv) you have only sent this Prospectus, the Acceptance Form, and any information relating to the Prospectus Offers to such permitted beneficial Shareholders; and
- (v) you make all other declarations, acknowledgements, representations, warranties and other confirmations set out in this Prospectus (including, without limitation, those outlined in the Important Notices).

2.14 RECONCILIATION AND RIGHTS OF THE COMPANY

In any entitlement offer, investors may believe that they own more Shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all Eligible Shareholders have the opportunity to receive their full Entitlement.

The Company may need to issue a small quantity of additional New Shares and new options to ensure all Eligible Shareholders have the opportunity to receive their appropriate allocation of Entitlement Offer Shares and Entitlement Offer Options. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

The Company reserves the right (in its absolute sole discretion) to reduce the number of Entitlements or Entitlement Offer Shares (and by consequence, the Entitlement Offer Options) allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or if they (or their nominee, trustee or custodian) fail to provide information to substantiate their claims.

By applying under the Entitlement Offer, you irrevocably acknowledge and agree to do the above as required by the Company in its absolute discretion. You acknowledge that there is no time limit on the ability of the Company to require any of the actions set out above.

The Company also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

2.15 NOTICE TO NOMINEES, TRUSTEES AND CUSTODIANS

The Entitlement Offer is being made to all Eligible Shareholders. Nominees, trustees or custodians with registered addresses in Australia or New Zealand may also be able to participate in the Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder.

Nominees, trustees and custodians who hold Shares as nominees, trustees or custodians will have received, or will shortly receive, a letter from the Company. Nominees, trustees and custodians should carefully consider the contents of that letter and note in particular that the Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Shareholder; or
- (b) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Due to legal restrictions, nominees, trustees and custodians may not send copies of this Prospectus (including the attachments to it) or the Entitlement and Acceptance Form to (or accept the Entitlement Offer on behalf of) persons in any other jurisdiction outside Australia or New Zealand, except as the Company may otherwise permit in compliance with applicable law.

In particular, persons acting as nominees, trustees or custodians for other persons may not take up Entitlements, or subscribe for or purchase New Securities, on behalf of, any person in the United States. Documents relating to the Entitlement Offer must not be sent to any person in the United States.

The Company is not required to determine whether or not any registered holder is acting as a nominee, trustee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee, trustee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with the terms of the Entitlement, including that such beneficiary is resident in Australia or New Zealand or otherwise permitted by the Company to participate in the Entitlement Offer. It is the responsibility of nominees, trustees and custodians to clearly identify the residency of beneficiaries on whose behalf they hold Existing Shares when applying for New Shares on their behalf.

3 PURPOSE AND EFFECT OF THE PROSPECTUS OFFERS

3.1 PURPOSE OF THE PROSPECTUS OFFERS

(a) **Entitlement Offer**

The purpose of the Entitlement Offer is to raise up to approximately A\$5.2 million before costs.²³

(b) **Nominal Options Offer**

At the EGM, Shareholders will be asked to approve the issue of 12,931,035 Placement Options to participants in the Placement for the purposes of ASX Listing Rule 7.1 and 7.2 (Exception 17) and for all other purposes.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities are issued to offer those securities for sale within 12 months of their issue without disclosure under Chapter 6D of the Corporations Act. However, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (i) the relevant securities are in a class of securities of the company that are quoted securities of the company (section 708A(11)(a));
- (ii) a prospectus is lodged with ASIC either:
 - (A) on or after the day on which the relevant securities were issued (section 708A(11)(b)(i)); or
 - (B) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued (section 708A(11)(b)(ii)); and
- (iii) the prospectus is for an offer of securities by the company that are in the same class of securities as the relevant securities (section 708A(11)(c)).

Accordingly, the purpose of the Nominal Options Offer under this Prospectus is to facilitate the secondary trading of Placement Options (in accordance with section 708A(11) of the Corporations Act) – if approved by Shareholders at the EGM – and any resulting New Share issued on exercise of a Placement Option (in reliance of the relief available under ASIC Instrument 2016/80) by ensuring that no trading restrictions will apply to the Placement Options or any New Share issued on exercise of a Placement Option from the relevant date of issue.

The offer of Nominal Options will close after the issue of Placement Options – if approved by Shareholders – for the purpose of section 708A(11)(b)(ii) of the Corporations Act. If Shareholders do not approve the issue of the Placement Options, the offer of Nominal Options Offer may be withdrawn.

Refer to Section 2.8 for further details of the Nominal Options Offer.

²³ The targeted offer amount is indicative only. The Entitlement Offer is not underwritten. As such there is no guarantee of the amount that will be raised (including whether the targeted amount will be raised). If the proceeds from the Entitlement Offer are less than required to meet ASM's proposed use of funds, ASM may review its proposed use of funds (including whether to scale back or defer investment) as well as consider alternative funding options. The targeted funding amount is based on the assumption that commitments of A\$5.2 million are received from existing investors to participate in the Entitlement Offer. If ASM determines to scale back its proposed use of funds, that will be done proportionately to the purposes described in Section 3.2 of this Prospectus.

3.2 PURPOSE AND USE OF FUNDS

(a) Entitlement Offer

The Entitlement Offer is being conducted by the Company as part of a broader equity raising announced to ASX on 17 April 2024 which comprises the Entitlement Offer and the Placement (together, the **Offer**). As announced on Wednesday, 17 April 2024, ASM has successfully completed the Placement. The Placement of New Shares and Placement Options²⁴ to certain institutional investors raised A\$15 million and 12,931,035 New Shares were issued under the Placement on Wednesday, 24 April 2024.

The purpose of the Offer is to raise up to approximately A\$20.2 million (before costs), with the Company seeking to raise up to approximately A\$5.2 million under the Entitlement Offer (with A\$15 million already having been raised under the Placement).

The funds raised from the Offer (assuming the Entitlement Offer is fully subscribed), together with existing cash reserves of the Company, are planned to be used for the purposes set out in the table below.²⁵

Table 1 – Use of Offer funds

USE OF OFFER FUNDS	AMOUNT	PERCENTAGE
Co-commitment government funds	Up to A\$15 million	~75%
Working capital	Up to A\$5.2 million	~25%
Total	Up to A\$20.2 million	100%

As at the date of this Prospectus, the Directors believe that, upon completion of the Offer, the Company will have sufficient working capital available to meet the Company's stated business objectives.

(b) Nominal Options Offer

No funds will be raised as a result of the issue of Nominal Options under the Nominal Options Offer as they will be issued for nil consideration. As discussed in Section 3.1(b), this Prospectus has been prepared in respect of the Nominal Options Offer for the purposes of qualifying the Placement Options (if issued following by Shareholder approval at the EGM) and any resulting New Share issued on exercise of a Placement Option for secondary trading.

3.3 EFFECT ON THE OFFERS

The effect of the Placement and Entitlement Offer on the capital structure of the Company is set out in Table 2 below. The effect of the Nominal Options Offer will be to remove the secondary trading sale restrictions on the Placement Options to be issued.²⁶

²⁴ The issue of Placement Options is subject to shareholder approval pursuant to ASX Listing Rule 7.1. Shareholders will be asked to approve the issue of Placement Options at the EGM.

²⁵ Table 1 is a statement of the Company's current intentions as at the Prospectus Date. As with any budget, new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

²⁶ The issue of the Placement Options is subject to shareholder approval at the EGM. The Nominal Options Offer may not proceed if Shareholder approval is not obtained at the EGM for the issue of the Placement Options.

Table 2 – Effect of the Offer on ASM's Capital Structure

SECURITIES	NUMBER
<i>Shares</i>	
Shares on issue as at the Prospectus Date ²⁷	179,723,017
Maximum number of New Shares that may be issued pursuant to the Entitlement Offer ²⁸	4,493,075 ²⁹
Maximum total Shares on issue after completion of the Entitlement Offer³⁰	184,216,092
<i>Options</i>	
Options on issue as at the Prospectus Date	Nil
Placement Options capable of being issued pursuant to the Placement ³¹	12,931,035
Maximum number of Entitlement Offer Options that may be issued pursuant to the Entitlement Offer ³²	4,493,075
Maximum number of Nominal Options that may be issued pursuant to the Nominal Options Offer ³³	100
Maximum total Options on issue after completion of the Prospectus Offers³⁴	17,424,210
<i>Performance rights</i>	
Performance rights on issue as at the Prospectus Date	1,089,365
Total performance rights on issue after completion of the Prospectus Offers³⁵	1,089,365

²⁷ This figure includes the New Shares issued pursuant to the Placement on 24 April 2024.

²⁸ Assuming all entitlements are taken up under the Entitlement Offer. This figure does not include the New Shares issued on exercise of any Entitlement Offer Options. If all Entitlement Offer Options issued under the Entitlement Offer are exercised, up to 4,493,075 additional New Shares will be issued, meaning up to 8,986,150 New Shares may be issued under, or in connection with, the Entitlement Offer.

²⁹ To the extent that rounding in Entitlements results in a slightly higher number, ASM may need to issue an additional number of New Shares. Please refer to section 2.14 for further information.

³⁰ Assuming that the Prospectus Offers complete in accordance with the timetable in the "Key Dates" Section of this Prospectus.

³¹ The issue of the Placement Options is subject to shareholder approval at the EGM.

³² Assuming all Entitlements are taken up under the Entitlement Offer.

³³ The Nominal Options Offer may not proceed if Shareholder approval is not obtained at the EGM for the issue of the Placement Options.

³⁴ The issue of the Placement Options is subject to shareholder approval at the EGM. The Nominal Options Offer may not proceed if Shareholder approval is not obtained at the EGM for the issue of the Placement Options.

³⁵ Assuming that no performance rights are converted during the Offer Period.

3.4 EFFECT OF THE OFFER ON ASM'S FINANCIAL INFORMATION

Effect of the Offer

The principal effect of the Offer on the Company are as follows, assuming all Entitlements are accepted, and no options are exercised prior to the Record Date:

- (a) the Company will issue up to approximately 4,493,075 New Shares and the total number of Shares on issue will increase to approximately 184,216,092 Shares; and
- (b) the cash reserves of the Company will increase by up to approximately A\$20,211,967 (less the expenses of the Offers) immediately after completion of the Offer; and
- (c) the equity of Eligible Shareholders who do not participate in the Offer will be diluted as is evidenced from the figures set out above.

Consolidated Balance Sheet

Set out as follow is the reviewed consolidated balance sheet of the Company at 31 December 2023. The unaudited pro-forma balance sheet has been prepared to provide investors with information of the anticipated impact of the Offer on the assets and liabilities of the Company. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The following reviewed consolidated pro-forma balance sheet at 31 December 2023 is prepared on the basis of the Placement Offer and the Entitlement Offer (excluding options) and has been adjusted assuming the maximum subscription under the Offer of up to approximately 184,216,092 New Shares pursuant to raise up to A\$20,211,967 with estimated expenses of the Offers of approximately A\$1,600,000 (ex GST).

	31 DECEMBER 2023 (REVIEWED)	31 MARCH 2024 (UNAUDITED)	FULL SUBSCRIPTION	PRO FORMA BALANCE (UNAUDITED) MAXIMUM SUBSCRIPTION
	A\$'000	A\$'000	A\$'000	A\$'000
Current assets				
Cash and cash equivalents	45,467	38,479	18,612	57,091
Trade and other receivables	1,565	1,618		1,618
Inventories	24,378	25,498		25,498
Biological assets	265	351		351
Total current assets	71,675	65,946	18,612	84,558
Non-current assets				
Property, plant and equipment	67,554	67,574		67,574
Intangible assets	2,004	1,734		1,734
Exploration and evaluation assets	114,968	119,106		119,106
Biological assets	1,059	813		813
Other assets	216	231		231
Total non-current assets	185,801	189,458	0	189,458
Total assets	257,476	255,404	18,612	274,016

	31 DECEMBER 2023 (REVIEWED)	31 MARCH 2024 (UNAUDITED)	FULL SUBSCRIPTION	PRO FORMA BALANCE (UNAUDITED) MAXIMUM SUBSCRIPTION
Liabilities				
Current liabilities				
Trade and other payables	3,972	3,611		3,611
Interest bearing liabilities	17,161	17,202		17,202
Provisions	506	538		538
Unearned revenue	3,173	10,948		10,948
Total current liabilities	24,812	32,299	0	32,299
Non-current liabilities				
Interest bearing liabilities	363	359		359
Deferred tax	16,734	16,734		16,734
Provisions	3,193	3,412		3,412
Unearned revenue	5,471	0		0
Total non-current liabilities	25,761	20,505	0	20,505
Total liabilities	50,573	52,804	0	52,804
Net assets	206,903	202,600	18,612	221,212
Equity				
Issued capital	268,241	268,241	18,612	286,853
Reserves	14,618	14,838		14,838
Accumulated losses	(76,011)	(80,538)		-80,538
Equity attributable to the owners of Australian Strategic Materials Limited	206,848	202,541	18,612	221,153
Non-controlling interest	55	59		59
Total equity	206,903	202,600	18,612	221,212

Notes:

The unaudited pro-forma consolidated balance sheet:

- includes net proceeds raised pursuant to the Offers (assuming all Entitlements under the Entitlement Offer are taken up) (less estimated costs for the Offers);
- assumes no existing performance rights are exercised prior to Record Date; and
- does not take into account any transactions between 1 April 2024 and the date of this Prospectus.

Subsequent events

Other than:

- on 21 March 2024, ASM announced it has received a non-binding and conditional letter of interest from the Export-Import Bank of the United States (**USEXIM**) to provide a debt funding package of up to US\$600 million (A\$923 million³⁶) for the construction and execution phase of the rare earths and critical minerals Dubbo Project;
- on 25 March 2024, ASM announced that its subsidiary Australian Strategic Materials (Holdings) Pty Ltd 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;
- on 10 April 2024, ASM announced that it has executed an exclusive Option Agreement with Caspin Resources Limited (ASX: CPN) to enter into a joint venture agreement to earn up to 75% of the rare earth element rights in Caspin's Mount Squires Project, located in the West Musgrave region of Western Australia; and
- on 24 April 2024, the Company received information from Export Development Canada (**EDC**) (the official export credit agency of Canada) that it has received internal approval to commence the process to issue a non-binding conditional letter of interest for funding support of the Company's Dubbo Project occurred on 25 April 2024,

no other material matter or circumstance has arisen since 31 December 2023.

Pro-forma adjustments

The following transactions are yet to occur, but proposed to occur immediately before or following completion of the Prospectus Offer:

- the placement of 12,931,035 Placement Shares at an issue price of A\$1.16 per New Share with 12,931,035 million Placement Options being issued under the Placement (subject to EGM approval) and the associated receipt of gross proceeds of A\$15.0 million;
- the impact on completion of the Entitlement Offer of between zero and 4,493,075 New Shares (fully subscribed) being issued under the Entitlement Offer (together with up to 4,493,075 million new options which are unexercised) and the associated gross receipt of between zero and \$5.2 million in incremental transaction costs; and
- the impact of transaction costs relating to the Placement and Entitlement Offer.

The Pro Forma Historical Financial Information has not been prepared on a fully diluted basis meaning that it assumes none of the Entitlement Offer Options to be issued as part of the Entitlement Offer have been exercised.

The Pro Forma Historical Financial Information has been prepared to provide investors with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company. The financial information is presented in abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

3.5 SUBSTANTIAL SHAREHOLDERS OF ASM AND EXPECTED PARTICIPATION IN THE ENTITLEMENT OFFER

(a) Substantial Shareholders of ASM

Based on the publicly available information as at the Prospectus Date (including the latest substantial holding notices received by the Company and the Company's share register), those persons that (together with their associates) have a relevant interest in 5% or more of the Existing Shares on issue are set out in the table below.

³⁶ Exchange rate (A\$: US\$) – 0.65.

Table 3 – Substantial Shareholders of ASM

SHAREHOLDER	SHARES	PERCENTAGE
Abbotsleigh Pty Ltd ³⁷	33,896,248	18.86%
Chapelgreen Pty Ltd	13,578,000	7.55%

(b) **Expected participation in the Entitlement Offer**

ASM has received pre-commitments from the major shareholders noted in Section 3.5(a) above and Directors (including from Mr Ian Gandel (the Company's Chair and major shareholder) via his investment entity Abbotsleigh Pty Ltd) totalling minimum subscriptions of approximately A\$1.4 million in the Entitlement Offer.

Please refer to section 3.7 below for a summary of the expected effect of the Entitlement Offer on the control of the Company.

3.6 EFFECT ON SHAREHOLDINGS

Eligible Shareholders should note that:

- (a) if they do not take up their full pro-rata Entitlement under the Entitlement Offer, their percentage shareholding in the Company is likely to be diluted on completion of the Entitlement Offer to the extent they have not taken up their Entitlement, and again on the exercise of any Entitlement Offer Options to the extent they have not taken up their Entitlement and have not exercised all of the Entitlement Offer Options they received (if any);³⁸ and
- (b) if they take up, and are allocated, their full pro-rata Entitlement under the Entitlement Offer, they will maintain their percentage shareholding in the Company following completion of the Entitlement Offer,³⁹ which may be further increased by the exercise of any of their Entitlement Offer Options but may be diluted to the extent that they do not exercise any of their Entitlement Offer Options at the relevant point in time, but other holders of options (including, holders of Prospectus Options) do.

Shareholders should also have regard to the risk factor in Section 5.2(d) of this Prospectus.

³⁷ Abbotsleigh Pty Ltd is an investment entity of Mr Ian Gandel, the Chairman of the Company.

³⁸ As compared to their holdings and number of Shares on issue as at the Prospectus Date, but on the basis of the Entitlement Offer having completed and assuming the Entitlement Offer is fully subscribed. There is no guarantee how many Entitlement Offer Shares and Entitlement Offer Options will be issued under the Entitlement Offer as the Entitlement Offer is not underwritten. To the extent the Entitlement Offer is not fully subscribed, Eligible Shareholders could slightly increase their percentage holding in the Company on completion of the Entitlement Offer and again following the exercise of any Entitlement Offer Options they hold.

³⁹ Refer to footnote 38.

The proportional shareholdings of Shareholders who are Ineligible Shareholders may be diluted as a result of the issue of the Entitlement Offer Shares and the exercise of the Entitlement Offer Options as those Shareholders are not entitled to participate in the Entitlement Offer.⁴⁰

The issue of Nominal Options is not expected to have a material impact on shareholdings, as compared to those as at the Prospectus Date.

3.7 EFFECT ON CONTROL

The potential effect that the issue of Entitlement Offer Shares and Entitlement Offer Options under the Entitlement Offer, and issue of Nominal Options under the Nominal Options Offer,⁴¹ will have on the control of ASM, and the consequences of that effect, will depend on a number of factors, including investor demand and the extent to which Eligible Shareholders take up their Entitlements under the Entitlement Offer, given that the Entitlement Offer is not underwritten.

In particular:

- (a) if all Eligible Shareholders take up their Entitlements under the Entitlement Offer, then the issue of Entitlement Offer Shares and Entitlement Offer Options (and the exercise of those Entitlement Offer Options) under the Entitlement Offer is not expected to have any effect on the control of the Company;
- (b) to the extent that any Shareholder fails, or is unable to, take up some or all of their Entitlement, that Shareholder's percentage interest in the Company will be diluted by the issue of Entitlement Offer Shares to those other Shareholders who take up some or all of their Entitlements under the Entitlement Offer, and further diluted by the exercise of Entitlement Offer Options (refer to Section 3.6 of this Prospectus); and
- (c) Abbotsleigh (a substantial shareholder of the Company and an entity controlled by Mr Ian Gandel, a director of the Company) has committed to take up Entitlement Offer Shares equivalent to approximately A\$1 million, forming part of its Entitlement. Abbotsleigh did not participate in the Placement. Abbotsleigh has a voting power in the Company of 18.86% as at the date of this Prospectus. The extent of the decrease in Abbotsleigh's voting power in the Company at completion of the Entitlement Offer will depend on the extent to which other Eligible Shareholders take up their Entitlements under the Entitlement Offer. Accordingly, Abbotsleigh's voting power on completion of the Entitlement Offer based on the current timetable for the Entitlement Offer could range from 18.86% (if the Entitlement Offer is fully subscribed) to 19.24% (if Abbotsleigh is the only Shareholder that takes up their Entitlement under the Entitlement Offer).

Having regard to the composition of the Company's share register and the terms of the Entitlement Offer, the Company does not expect the issue of Entitlement Offer Shares or Entitlement Offer Options under the Entitlement Offer, or the issue of Nominal Options under the Nominal Options Offer, to have a material effect on the control of the Company.

⁴⁰ Refer to footnote 38.

⁴¹ Due to the limited Nominal Options that are capable of being issued in accordance with the Nominal Options Offer, the issue of those Nominal Options is not expected to have any material effect on the control of the Company alone.

4 RIGHTS AND LIABILITIES ATTACHING TO PROSPECTUS SECURITIES

4.1 RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

(a) General meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

(b) Voting rights

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held (with adjusted voting rights for partly paid shares).

If the votes are equal on a proposed resolution, and the Chair is entitled to vote on that resolution, the Chair of the meeting has a casting vote, in addition to their personal vote. If the Chair is not entitled to vote, the matter is decided in the negative.

(c) Dividends

The Board may resolve to pay dividends (including an interim dividend, special dividend or final dividend) it thinks appropriate and fix the time for payment. The decision to pay a dividend may be revoked by the Board at any time prior to payment of the dividend.

The Company may pay a dividend on one class of shares to the exclusion of another class. Each share of a class on which the Board resolves to pay a dividend carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share bears to the total issue price of the share.

(d) Winding up

If the Company is wound up, then subject to the Constitution, any applicable law, and the terms of issue of Shares, the surplus assets of the Company remaining after payment of its debts are divisible among the members in proportion to the number of Shares held by them.

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide the assets of the Company among the members in kind, fix the value of assets and decide how the division is to be carried out as between the members and different classes of members, for that purpose, and vest assets of the Company in trustees to be held on trust for the benefit of the members as the liquidator thinks appropriate.

(e) Transfer

Subject to the Constitution, a member may transfer a Share by any means permitted by the Corporations Act or by law. Unless permitted by the ASX Listing Rules, the Company must not charge any fee on transfer of a share.

The Board may request ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer, or may decline to register an instrument of transfer received in the circumstances outlined in rule 29.5 of the Company's Constitution.

(f) Issue of Shares

The Board may issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Board decides.

(g) **Non-marketable parcels**

The Board may sell a share that is part of a parcel of securities that is less than a marketable parcel if it does so in accordance with the procedures set out in rule 31 of Company's Constitution.

(h) **Variation of class rights**

If the Company issues different classes of shares, or divides issued shares into different classes, the rights attached to shares in any class may (subject to the Corporations Act) be varied or cancelled only:

- (i) with the written consent of the holders of 75% of the issued shares of the affected class; or
- (ii) by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(i) **Preference Shares**

The Company may issue preference shares (including preference shares that are liable to be redeemed or converted). The rights attached to preference shares must include the rights set out in or determined in accordance with the schedule to the Company's Constitution unless those rights have been varied by special resolution at a general meeting of the Company.

(j) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) **Appointment and removal of Directors**

Subject to the terms of the Constitution, the Board may appoint a person to be a Director at any time except during a general meeting. Any Director so appointed automatically retires at the next annual general meeting and is eligible for election by that general meeting (refer to voting rights in Section 4.1(b)).

The Company may elect Directors by ordinary resolution.

Whether or not a Director's appointment was expressed to be for a specified period, the Company may by ordinary resolution, and subject to section 203D of the Corporations Act, remove a Director from office.

(l) **Remuneration of Directors**

Subject to any contract with the Company and to the ASX Listing Rules, the Board may fix the remuneration of each executive Director. That remuneration may consist of salary, bonuses or any other elements but must not include a commission on, or percentage of, operating revenue.

Subject to the terms of the Constitution, the Directors (other than the executive Directors and those who are Directors only because they are alternates) are entitled to be paid, out of the funds of the Company, an amount of approved fees.

Shareholders are asked to vote on the Remuneration Report at each general meeting of the Company (refer to voting rights in Section 4.1(b)).

(m) **Primacy of ASX Listing Rules**

If any provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

(n) **Alteration of capital**

The Company may capitalise profits, reserves or other amounts available for distribution to members. Subject to the terms of issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

The Board may settle any difficulty that arises in regard to a capitalisation of profits as it thinks appropriate and necessary to adjust the rights of members among themselves.

(o) **Shareholder liability**

Subject to the terms of the Constitution, if the law of any jurisdiction imposes or purports to impose any immediate, future or possible liability on the Company, or empowers or purports to empower any person to require the Company to make any payment, on account of a member or referable to a Share held by that member, or a dividend, or other amount payable in respect of a Share held by that member, the Company:

- (i) is fully indemnified by that member from that liability;
- (ii) may recover as a debt due from the member the amount of that liability together with interest at the interest rate from the date of payment by the Company to the date of repayment by the member; and
- (iii) may refuse to register a transfer of any share by that member until the debt has been paid to the Company.

(p) **Capitalisation of profits**

The Company may capitalise profits, reserves or other amounts available for distribution to members. Subject to the terms of the Constitution and the terms of the issue of Shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

4.2 TERMS OF PROSPECTUS OPTIONS

The Entitlement Offer Options and the Nominal Options (being, the Prospectus Options) are offered under this Prospectus on the same terms as the Placement Options offered under the Placement.

Each Prospectus Option entitles the holder (**Optionholder**) to subscribe for one New Share, subject to any permitted adjustments under these terms:

- (a) The exercise price for each Prospectus Option is A\$1.74 (**Exercise Price**).
- (b) Each Prospectus Option may be exercised at any time from the date of issue until 5:00pm (AEST) on 31 October 2027 (**Expiry Date**). Any Prospectus Options not exercised by the Expiry Date will lapse.
- (c) **ASM:**
 - (i) applied to ASX to obtain quotation of the Entitlement Offer Options as a new class of securities on 17 April 2024;
 - (ii) will apply to ASX for the quotation of the Nominal Options (in the same class as the Entitlement Offer Options) within 7 days of the date of this Prospectus; and
 - (iii) will do all things reasonably necessary so that the Prospectus Options (and any New Share issued on exercise of a Prospectus Option) can be offered for on-sale without restriction with effect from the time of issue.
- (d) Subject to quotation of the Prospectus Options by ASX, the Prospectus Options will be freely transferable, subject to any restrictions under the ASX Listing Rules and the Corporations Act.

- (e) Upon receipt of a duly completed form of notice of exercise in respect of the relevant Prospectus Options (**Exercise Notice**) and payment of the Exercise Price in respect of each Prospectus Option, ASM will allot and issue 1 New Share for each Prospectus Option exercised within 15 business days after the later of the following:
 - (i) the date of the Exercise Notice (the **Exercise Date**); and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,but in any case no later than 20 business days after the Exercise Date, the Company will:
 - (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Prospectus Options specified in the Exercise Notice and for which cleared funds have been received by the Company; and
 - (iv) if admitted to the official list of ASX at the time, apply for quotation on ASX of New Shares issued pursuant to the exercise of the Prospectus Options.
- (f) all New Shares issued upon exercise of the Prospectus Options and payment of the Exercise Price will rank equally in all respects with ASM's then existing Shares. ASM will apply for quotation by ASX of all New Shares issued upon exercise of the Prospectus Options within the time period required by ASX.
- (g) Prospectus Options may not be exercised if the effect of such exercise and subsequent allotment of the New Shares would be to create a holding of less than a marketable parcel of Shares, unless the allottee is already a Shareholder at the time of exercise.
- (h) Prospectus Options are not exercisable over a percentage of the Company's capital.

4.3 RIGHTS AND LIABILITIES ATTACHING TO PROSPECTUS OPTIONS

- (a) Optionholders do not have any right to participate in new issues of securities in the Company made to Shareholders generally (subject to the exceptions in rule 6.20 of the ASX Listing Rules). The Company will, where and only to the extent required pursuant to the ASX Listing Rules, provide Optionholders with notice prior to the record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Prospectus Options, in accordance with the requirements of the ASX Listing Rules.
- (b) Optionholders do not participate in any dividends unless the Prospectus Options are exercised and the resultant New Shares of the Company are issued prior to the record date to determine entitlements to the dividend.
- (c) In the event of any reconstruction, including a consolidation, subdivision, reduction or return of the issued capital of the Company prior to the Expiry Date the number of Prospectus Options to which each holder is entitled or the Exercise Price of the Prospectus Options or both will be reconstructed as appropriate in a manner which is in accordance with the ASX Listing Rules and will not result in any benefits being conferred on Optionholders which are not conferred on Shareholders, subject to such provision with respect to the rounding of entitlements as may be sanctioned by the meeting of Shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the Prospectus Options will remain unchanged. The rights of an Optionholder may be changed to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- (d) If there is a bonus issue to the Shareholders of the Company, the number of Shares over which the Prospectus Option is exercisable may be increased by the number of Shares which the

Optionholder would have received if the Prospectus Option had been exercised before the record date for the bonus issue.

- (e) If there is a pro rata issue (except a bonus issue) the Exercise Price of Prospectus Options may be reduced in accordance with the ASX Listing Rules.
- (f) The Company may effect a change to the terms of the Prospectus Options that has the effect of cancelling the Prospectus Options for no consideration, without the approval of Shareholders.
- (g) The terms of the Prospectus Options can only be changed if the Shareholders (whose votes are not to be disregarded) of the Company approve of such a change. However, unless all necessary waivers of the ASX Listing Rules are obtained, the terms of the Prospectus Options shall not be changed to reduce the Exercise Price, increase the number of Prospectus Options or change any period for the exercise of the Prospectus Options.
- (h) The Prospectus Options do not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the Prospectus Options can be exercised.

5 RISK FACTORS

5.1 OVERVIEW

This Section provides an overview of some of the risks relating to participation in the Prospectus Offers and key risks associated with any investment in ASM which may affect the future operating and financial performance of ASM and the value of ASM Shares. The risks set out below do not constitute an exhaustive list of all risks involved with an investment in ASM.

The selection of risks in this Prospectus is based on both the probability of the risk occurring and the impact of the risk if it did occur, based on the knowledge of ASM's Directors as at the date of this Prospectus.

This Section discusses the following key risks:

- (a) risks specific to the Prospectus Offers, including risks in relation to the structure and completion of the Prospectus Offers (refer to Section 5.2);
- (b) company specific risks (refer to Section 5.3), such as:
 - (i) risks in relation to the development and commercialisation of ASM's Dubbo Project, and commercialisation of the Korean Metals Plant; and
 - (ii) existing and future business and operational risks for ASM, including risks which are generally common to mining production, development and exploration; and
- (c) general risks in relation to an investment in ASM Shares (refer to Section 5.4).

ASM seeks to reduce risk to its business through appropriate management strategies, however, if any of the following risks materialise, ASM's business, financial condition and operating results may be adversely impacted. Before participating in the Prospectus Offers or making any investment in ASM, you should carefully consider whether such an investment is suitable for you. Potential investors should consider publicly available information on ASM (such as that available on the ASM and ASX websites) and should consult a stockbroker, legal advisor, tax advisor, accountant and/or other professional advisors before making an investment decision.

5.2 RISKS SPECIFIC TO THE PROSPECTUS OFFERS

(a) Full Completion of Prospectus Offers

As with the Placement, the Entitlement Offer is not underwritten. As such, there is no guarantee that the intended amount of A\$5.2 million will be raised. If the proceeds from the Entitlement Offer are less than is required to meet ASM's proposed use of funds, ASM may review its proposed use of funds (including whether to scale back or defer investment) as well as consider alternative funding options.

There is a risk that the Prospectus Offers do not proceed or does not raise the full funds contemplated under the capital raising and required for ASM to meet its stated objectives to go towards demonstration of required ASM co-commitments to enable government funds to progress key pre-execution activities including, in part, the provision of engineering services, and other contractual obligations under a FEED services contract between Bechtel and ASM to provide services to support the development of a bankable feasibility study for ASM's Dubbo Project. Since the Entitlement Offer is not underwritten, ASM would be required to find alternative financing or curtail its activities. In those circumstances, there is no guarantee that alternative funding could be sourced in the time required or at all or that ASM would be able to successfully negotiate the terms of any debt or equity funding arrangements in those circumstances. Further, in the future, ASM will be required to raise additional funds (whether by way of debt and/or equity), to fund business development activities, exploration programs, corporate and other objectives in the long term. For more information, please refer to the 'ASM's funding matrix' risk factor below.

(b) **Shortfall**

ASM reserves the right to place the balance of any Shortfall Securities under the Entitlement Offer, at the absolute discretion of the Board, within three months of the close of the Entitlement Offer in accordance with ASX Listing Rule 7.2 (Exception 3). Any Shortfall Securities would be offered at a price not less than the Offer Price as offered under the Entitlement Offer. The Board may, in its absolute discretion, invite other new investors and/or existing ASM shareholders to apply for Shortfall Securities. If there are Shortfall Securities and the number of such shares is insufficient to satisfy applications, the Board's decision as to the number of Shortfall Securities to be issued, and to whom, is final. Refer to Section 2.11 for further information.

(c) **Speculative Investment**

The Prospectus Securities to be issued pursuant to the Prospectus Offers carry no guarantee with respect to the payment of any future dividends, returns of capital or the market value of those Prospectus Securities. Potential investors should consider that the investment in ASM is highly speculative and should consult their professional advisers before deciding whether to apply for Prospectus Securities pursuant to the Prospectus Offers. The last trading price of ASM Shares on ASX prior to the date of this Prospectus is not a reliable indicator as to the potential trading price of ASM Shares following completion of the Prospectus Offers.

(d) **Dilution**

Shareholders who do not participate in the Entitlement Offer, or who do not take up all of their entitlement under the Entitlement Offer, will have their percentage or proportional security holding in ASM diluted. Refer to Section 3.6 of this Prospectus for further information about the potential dilutionary effects of the Prospectus Offers on Shareholders.

(e) **Exercise Price**

The market price of the Company's ordinary shares is subject to varied and unpredictable influences on the market for equities in general. Market conditions (see the risk titled "Market conditions" in Section 5.3(t)) and lack of liquidity (see the risk titled "Liquidity" in Section 5.3(r)) may affect the value of the Company's ordinary shares regardless of the performance of the Company. The performance of the Company may also affect the value of the Company's Shares. No assurance is given that there will be, or continue to be, an active market for New Shares or other securities of the Company or if an active market will be established for the Prospectus Options once issued. The trading price of ASM Shares may fall as well as rise.

Options are, by their nature, only of value at times when the exercise price is lower than the price of the underlying shares. There is no guarantee that the ASM Share price will be greater than the Exercise Price up to 31 October 2027 (being, the Expiry Date) for the Prospectus Options. Accordingly, there is a risk that the Prospectus Options will be 'out of the money' during the exercise period, which will affect the value of the Prospectus Options and the willingness of Optionholders to exercise them.

(f) **ASX quotation of Prospectus Options**

ASX requires the Company to meet certain conditions for quotation of the Prospectus Options as a new class on the ASX. There is a risk that the Company may not be able to meet those requirements.

The Prospectus Options will not immediately be quoted on the ASX. However, ASM:

- (i) applied to ASX to obtain quotation of the Entitlement Offer Options as a new class of securities on 17 April 2024;
- (ii) will apply to ASX for the quotation of the Nominal Options (in the same class as the Entitlement Offer Options) within 7 days of the date of this Prospectus; and

- (iii) will do all things reasonably necessary so that the Prospectus Options (and any New Share issued on exercise of a Prospectus Option) can be offered for sale without restriction with effect from issue.

The Prospectus Options are expected to be quoted if the Company is able to meet the requirements to quote the Prospectus Options on the ASX (those requirements are described in Section 2.9 of this Prospectus. While the Company has sought (in the case of the Entitlement Offer Options) and will seek (in the case of the Nominal Options) quotation of the Prospectus Options, it makes no guarantee that such quotation will be granted by ASX. The fact that ASX may agree to grant official quotation of the Prospectus Options is not to be taken in any way as an indication of the merits of the Company or its securities. If the Company's application for the Prospectus Options to be quoted under on the ASX is granted, the trading price of the Prospectus Options may be affected by the ongoing performance, financial position, and solvency of the Company.

If the Prospectus Options are not admitted to official quotation by ASX before the expiration of three months after the date of this Prospectus, or such period as varied by ASIC, to the extent that any Prospectus Options have already been issued, that issue will be void and the Company will not proceed with the offers of Prospectus Options and will return all subscription monies received under the offers of Prospectus Options (without interest) within the time prescribed under the Corporations Act.

5.3 COMPANY SPECIFIC RISKS

(a) Supply Chain Risk

ASM's ability to successfully develop and commercialise the Dubbo Project, and commercialise the Korean Metals Plant (**KMP**), is subject to supply chain risk.

Dubbo Project

ASM will depend on suppliers of materials, services, equipment and infrastructure to develop and commercialise the Dubbo Project. Failure of significant components of this supply chain due to strategic factors such as business failure or serious operational factors could have a material adverse effect on the development and commercialisation of the Dubbo Project.

KMP

The KMP is currently undergoing production ramp up and technical product validation with its initial customers. Commercialisation of the KMP may be affected by supply chain constraints such as:

- (i) supply of critical minerals. Until the Dubbo Project is operational, ASM is required to explore alternative feedstock options to provide security of supply to the KMP. Compounding this risk is the fact that the supply chain for many of ASM's key raw materials (particularly rare earth oxides) is still in development stage ex-China;
- (ii) metallurgical performance;
- (iii) processing, loading, and heavy equipment failures and unexpected maintenance problems; and
- (iv) limited availability or increased costs of processing, loading, heavy equipment and parts and other materials from suppliers.

For the above reasons, ASM may encounter difficulties in meeting and consistently fulfilling customer requirements which will impact on its ramp up schedule and technical product validation.

These supply chain risks may also affect ASM's ability to meet product specifications under relevant offtake agreements. Accordingly, ASM may not be able to sell its products, or sell the same quantity of products as if relevant specifications have been satisfied. If any of the above risks materialise, there may be a material adverse impact on ASM's operations, financial performance and financial position, including ASM's capacity to meet its profitability goals.

(b) **Counterparty Risk**

ASM's ability to successfully develop and commercialise the Dubbo Project, and commercialise the KMP, is subject to counterparty risk.

(i) **Dubbo Project**

ASM has executed conditional agreements in relation to:

- (A) FEED services with Bechtel;
- (B) non-process infrastructure study work, with Bechtel Australia Pty Ltd; and
- (C) engineering work, which may include solid residue storage facility study work, with Stantec Australia Pty Ltd.

ASM may enter into other agreements with the above or other contractors to develop the Dubbo Project. The development of the Dubbo Project will depend on the performance of the counterparties under the various agreements ASM has entered into or will enter into.

If the Dubbo Project is successfully developed, ASM may enter into agreements with counterparties to commercialise the Dubbo Project (including offtake agreements). There is a risk that counterparties do not take their obligated quantities of product or seek to renegotiate the price or quantity of product.

In addition, there are risks that:

- (D) counterparties may suffer from insolvency, financial or managerial failure, capacity constraints, mobilisation issues, plant, equipment and staff shortages, labour disputes or any other reason that leads them to default in the performance of their obligations;
- (E) ASM will not be able to find replacement counterparties on acceptable terms in the event that counterparties do not perform as ASM expects;
- (F) agreements with counterparties are terminated in accordance with their terms; and
- (G) legal disputes may arise between ASM and counterparties, and ASM may not be able to seek legal redress that it could expect under Australian law against a particular defaulting counterparty.

Any of the above may materially and adversely affect the development and commercialisation of the Dubbo Project, causing a material adverse impact on ASM's operations, financial performance and financial position.

(ii) **KMP**

ASM currently has agreements with:

- (A) Noveon Magnetics Inc and USA Rare Earth LLC in relation to the supply of neodymium iron boron (**NdFeB**) alloy; and
- (B) NS World Co Ltd in relation to the supply of neodymium praseodymium (**NdPr**) metal.

Both products are developed at the KMP. In addition to the general counterparty risks described in paragraph 5.3(b)(i) above for the development and commercialisation of the Dubbo Project, revenue from the KMP is also exposed to the risk that counterparties to the above, and any future agreements, do not take their obligated quantities of product or seek to renegotiate the price or quantity of product. These

circumstances may adversely impact ASM's operations, financial performance and financial position.

(iii) **Option Agreement with Caspin Resources**

ASM may in the future become a party to joint venture agreements for supplementary rare earth supply to be processed at ASM's planned separating and refining facility at the Dubbo Project. In particular, on 10 April 2024, ASM announced that it had executed an Option Agreement with Caspin Resources Ltd to enter into a joint venture agreement for ASM to earn up to 75% of the rare earth element rights in Caspin Resources' Mount Squires Project through staged earn in rights (see ASM's ASX announcement dated 10 April 2024 for more information regarding the Option Agreement).

There is no guarantee that ASM will be able to satisfy the conditions to the Option Agreement (in which case, ASM would be unable to enter into the joint venture agreement) or, if the conditions to the Option Agreement are satisfied, that ASM will ultimately determine to exercise its rights under the Option Agreement to become a party to a joint venture agreement with Caspin Resources or that a binding joint venture will be negotiated and executed by ASM and Caspin Resources. The general counterparty risks described in paragraph 5.3(b)(i) above for the development and commercialisation of the Dubbo Project also apply to the Option Agreement, and if ASM exercises its rights under the Option Agreement, also to any future joint venture agreement with Caspin Resources.

(c) **Metallurgical Process Risk**

Rare earth and critical mineral recoveries are dependent on the metallurgical process that is required to liberate economic minerals and produce a saleable product and by nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal;
- (ii) developing an economic process route to produce a metal; and
- (iii) any changes in mineralogy in the ore deposit, which can result in inconsistent metal recovery.

These factors may affect the commercialisation of the Dubbo Project and the KMP which could adversely impact financial performance and financial position.

(d) **Access to Services and Infrastructure**

The development of the Dubbo Project and the commercialisation of the Dubbo Project and KMP requires (and will require in the future) consistent access to:

- (i) required services and products (such as power, water and chemical products to process the critical minerals); and
- (ii) access to road and rail infrastructure to transport consumables, equipment, ore or concentrate between its operations and to customers.

Delays in the supplies, or increase in the costs, of the required services and products could have a material adverse effect on ASM's business. Any event that restricts access to road and rail infrastructure may delay the sale of products to ASM's customers which could adversely impact ASM's operations, financial performance and financial position.

(e) **Commodity Prices**

ASM's future prospects and the ASM Share price will be influenced by the prices obtained for the rare earth and critical mineral products produced and targeted in ASM's development and exploration programs. Prices for rare earth and critical mineral products are volatile, fluctuate and are impacted by factors including the relationship between global supply and demand for

minerals, forward selling by producers, costs of production, geopolitical factors (including trade tensions) and general global economic conditions.

Prices for rare earth and critical mineral products are also affected by changing consumer trends (see 'Changing consumer trends' risk factor below).

These factors may have an adverse effect on ASM's production and exploration activities and any subsequent development and production activities, as well as its ability to fund its future activities.

(f) **Legislative Changes**

ASM is subject to various laws and regulations in Australia and South Korea including, but not limited to, mining, prospecting, development, permit and licence requirements, industrial relations, taxation, environment, land use, royalties, water, native title and cultural heritage, occupational health and safety and the COVID 19 pandemic. Changes in any of these or other laws or government policies (including, but not limited to, monetary policies) in Australia, South Korea or internationally may impact ASM's operations, financial performance and financial position.

(g) **Changing Consumer Trends**

Critical minerals technology and consumer trends are evolving rapidly.

Products to be produced from the Dubbo Project include rare earth oxides that are used in electric vehicles and consumer electronics. Prices for rare earth oxides fell over the 2023 calendar year, however in recent months there are signs that conditions in the automotive market are improving.

The market for hafnium has risen over the last 12 months, whereas the market for zirconia is currently experiencing a downturn.

Sales agreements in relation to NdFeB and NdPr metal produced at the KMP have been signed with customers from South Korea and the United States. ASM is seeking to ramp up production levels to align with demand.

However, if there is:

- (i) changing demand for the applications for which critical minerals may be used and/or the advancement of alternative technologies for use in such applications and which do not require the use of critical minerals or a lesser quantity of critical minerals; and/or
- (ii) changes in the sentiment or conditions in the countries and sectors in which ASM and its business / commercial partners sell or intend to sell their products,

the current conditions in relation to the Dubbo Project and the KMP may change rapidly, create revenue uncertainty and adversely impact on ASM's financial performance and growth.

(h) **ASM's Funding Matrix**

The purpose of the Entitlement Offer and Placement is,⁴² in part, the provision of engineering services, and other contractual obligations under a FEED services contract between Bechtel and ASM to provide services to support the development of a bankable feasibility study for ASM's Dubbo Project. The expenditure needs for the development of the Dubbo Project will not be satisfied by the proceeds from the Entitlement Offer and Placement alone. Future financing may be required to fully fund business development activities, exploration programs, corporate and other objectives in the long term, in addition to amounts raised pursuant to the Entitlement Offer and Placement.

Any future additional equity financing may be dilutive to ASM Shareholders, be undertaken at lower prices than the prevailing market price (or Offer Price) or involve restrictive covenants which limit ASM's operations and business strategy. ASM may undertake additional offerings of securities in the future. The increase in the number of shares issued and outstanding and

⁴² No funds will be raised by the Nominal Options Offer.

the possibility of sales of such shares may have a depressive effect on the price of shares. In addition, as a result of any such issue of additional shares, the voting power of ASM's existing Shareholders may be diluted.

Rare earth minerals are not traded on any commodity exchange. Accordingly, traditional debt sources may not be available which may make it difficult for financiers to assess and understand market risk. ASM has, and may continue to, seek funding through export credit agencies.

If customary debt financing is available, it may involve restrictions on financing, operating and other business development activities. ASM will also be more exposed to general risks associated with gearing and any refinancing of its debt facilities. Furthermore:

- (i) while ASM may execute debt financing arrangements, there can be no guarantee that ASM will satisfy any conditions precedent under those documents, such that it is able to access the debt;
- (ii) if ASM is required to raise a significant portion of the capital cost from the equity market before debt drawdowns are available, no assurance can be given that ASM can raise the required equity component; and
- (iii) any debt financing agreement may contain several events of default which, if triggered, may result in the financiers terminating the debt financing arrangement and enforcing their security, which could have a material adverse impact on ASM, its overall development plans and the price of its Shares.

No assurances can be made that appropriate equity, debt or other forms of funding (including by way of government grants and funding (see 'Accessing government funding' risk factor below), if and when needed, will be available on terms favourable to ASM or at all. If required funding is not available, including because appropriate commercial terms cannot be negotiated, this may have a material adverse impact on ASM, its overall business strategy, plans to develop and commercialise the Dubbo Project and commercialise the KMP, and the price of its shares.

(i) **Accessing Government Funding**

From time to time, ASM has made (and may continue to make) strategic financing decisions based on availability of government funding in jurisdictions relevant to its operations and products.

For example:

- (i) USEXIM has provided a non-binding and conditional letter of interest to ASM regarding the provision of a debt funding package of up to US\$600 million (A\$923 million) for the construction and execution phase of the rare earths and critical minerals Dubbo Project (refer to ASM's announcement "ASM receives US\$600M (A\$923M) Letter of Interest from USEXIM" dated 21 March 2024);
- (ii) Canada's official export credit agency, EDC has provided a non-binding and conditional letter of interest to ASM regarding the provision of a direct lending debt funding package of up to A\$400 million for the construction and execution phase of the Dubbo Project (refer to ASM's announcement "Growing North American support builds momentum for Dubbo Project funding process" dated 26 March 2024);
- (iii) USEXIM has indicated a willingness to provide funding under the US Engineering Multiplier Program (**EMP**) if a US service provider is engaged. To access this funding, ASM's subsidiary Australian Strategic Materials (Holdings) Pty Ltd has executed an agreement with Bechtel in relation to FEED services. ASM and Bechtel have now made the application to USEXIM for the EMP funding and are working to progress this through the approval process;

- (iv) the US legislature has recently passed the National Defense Authorization Act for Fiscal Year 2024 (**NDAA**). This allows Australian businesses from multiple sectors to access US Department of Defense loans, grants and subsidies provided for under the NDAA. 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; and
- (v) ASM is in discussions with export credit agencies from jurisdictions including Australia, US, Korea and the EU, including active discussions with Australia regarding securing increased support. These discussions are subject to internal decision-making processes and there is no assurance that support or funding will be secured.

These funding approval processes may be protracted due to internal government decision-making processes, and may be disrupted due to comments and participation of any rights of stakeholders, including the public, non-government organisations and anti-mining groups, in relation to any proposed funding, grant, approval and support for ASM. Additionally, the indications of funding support which ASM has received to date from USEXIM, Export Finance Australia and EDC are non-binding and subject to conditions and approvals and there is no assurance that such funding will become unconditional and be committed. While ASM is focused on continuing to build relationships with key government stakeholders, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed.

In addition, any contemporary government funding framework that ASM relies on may be complex and subject to change, including as a result of changes in government or government policy, changes in community expectations, and the intervention of courts and tribunals. There is no guarantee that any government funding framework that is currently considered to be feasible or favourable will continue to be so in the future.

(j) **Regulatory Approvals**

ASM requires government regulatory approvals for its operations. As at the date of this Prospectus, ASM has received all major state and federal approvals and licences required for execution of the Dubbo Project.

However, the impact of actions, including delays and inactions, by state and federal governments may affect ASM's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken.

No guarantee can be given that all necessary permits, authorisations, agreements or licences currently granted to ASM will be renewed as required or that where further permits, authorisations, agreements or licences are required, that they will be provided to ASM by government bodies.

(k) **Environment**

The Dubbo Project and KMP are subject to the environmental laws and regulations of Australia and South Korea (including statutory rehabilitation obligations that ASM will need to comply with in the future and which may be material). As with most exploration projects and mining operations, ASM's activities (and proposed future activities) are expected to have an impact on the environment or cause exposure to hazardous materials, particularly if advanced exploration or mine development proceed. While ASM proposes to comply with applicable laws and regulations and conduct its programs in a responsible manner with regard to the environment, there is the risk that ASM may incur liability for any unforeseen breaches of these laws and regulations.

ASM is unable to predict the effect of additional environmental laws and regulations which may be enforced or adopted in the future, including whether any such laws or regulations would materially increase ASM's cost of doing business or affect its operations. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige ASM to incur significant expenses and undertake significant

investments which could have a material adverse effect on ASM's business, financial condition and performance.

There is no guarantee ASM will not be subject to claims due to environmental damage arising out of current or former activities at sites that ASM owns or operates. ASM may also become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. These could have an adverse effect on ASM's Share price.

(l) **Reliance on Key Personnel**

ASM is a development company and will be dependent on its directors, managers and consultants to implement its business strategy. A number of factors, including:

- (i) the departure of senior management of ASM or a failure to attract or retain suitably qualified key employees; and
- (ii) a shortage of appropriately skilled talent (due to the emerging skill market for critical minerals specialists, and growing competition for such specialists),

could adversely affect ASM's business strategy, reputation, financial performance current exploration, development and production operations and its future growth plans.

(m) **Exploration Risks**

Exploration is a high-risk activity that requires large amounts of expenditure over extended periods of time. ASM's exploration activities will also be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during exploration and development are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

In the future, ASM may be required to secure and maintain additional title for exploration and mining tenements necessary for the conduct of its exploration activities. There is no guarantee additional exploration or mining tenements will be granted. In addition, exploration on ASM's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of value of those tenements, diminution in the cash reserves of ASM and possible relinquishment of the exploration and mining tenements.

The exploration costs of ASM are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the economic viability of the Dubbo Project and/or the KMP.

(n) **Mineral Resource and Ore Reserve Estimates**

Mineral Resource and Ore Reserve estimates are expressions of judgement based on knowledge, experience, resource modelling and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, Mineral Resource and Ore Reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the Mineral Resource and Ore Reserve estimates may change. Should ASM encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, Mineral Resource estimates may need to be altered in a way that could adversely affect ASM's operations or result in the inability to satisfy production and economic objectives of the Dubbo Project.

There is no guarantee Mineral Resources can be converted to Ore Reserves, or that material included in ASM's Ore Reserves estimates will be successfully produced.

There is no guarantee that ASM's exploration activities will result in the discovery of new material, or reclassification of material previously discovered, to be included in Mineral Resource and Ore Reserve estimates.

In addition, changes in factors outside of ASM's control, such as adverse changes to long term forecasts of commodity prices, may result in an adverse change to ASM Mineral Resource and Ore Reserve estimates.

Accordingly, the actual resources and reserves may materially differ from these estimates and assumptions and no assurances can be given that the Mineral Resource and Ore Reserve estimates and the underlying assumptions will be realised. This could result in alterations to development and mining/extraction plans which may in turn affect ASM's operations and ultimately ASM's financial performance and the value of ASM Shares.

(o) **Title and Tenure**

Interests in mining tenements in Australia are governed by state legislation and are evidenced by the granting of leases or licences. Currently, ASM wholly owns all mining tenements required to operate and develop the Dubbo Project. Renewal of titles is made by way of application to the relevant government department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. Consequently, ASM could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met. There is no guarantee that any applications for exemption from compliance with conditions will be granted. The tenement(s) may be subject to additional conditions, penalties, objections or forfeiture applications in the future. Alternatively, applications, transfers, conversions or renewals may be refused or may not be approved with favourable terms. Any of these events could have a materially adverse effect on ASM's prospects and the value of its assets.

(p) **Native Title, Aboriginal Heritage and Land Claims Risks**

It is possible that, in relation to tenements in which ASM has an interest or may acquire such an interest, there may be areas over which legitimate native title rights exist or which are subject to native title claims made under the *Native Title Act 1993* (Cth) or Aboriginal land claims made under the *Aboriginal Land Rights Act 1983* (NSW), or surface rights holders exist. In such circumstances, the ability of ASM to gain access to the tenements (through obtaining consent of any relevant traditional owner, body, group or landowner) or progress from the exploration phase to the development and mining phases of the operation, may be adversely affected. ASM's mineral titles may also be subject to access by third parties including, but not limited to, the areas' traditional owners which may lead to ASM entering into compensation arrangements or other agreements with traditional owners (including statutory rights to compensation under the Native Title Act).

It is possible that areas containing sacred sites or sites of significance to Aboriginal people in accordance with their tradition that are protected under the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) exist on ASM's mining tenements. As a result, land within the tenements may be subject to restrictions on exploration, mining or other uses and/or significant approval hurdles may apply. There is a risk that ASM's operations require engagement and/or agreement with affected Aboriginal people, which may increase the timeframe and cost of commercialising the Dubbo Project.

(q) **Economic Factors**

Changes to general economic conditions, such as consumer spending, supply and demand for rare earth products, inflation, interest rates, foreign exchange rates, new legislation, national and international political circumstances (such as war, terrorist acts and industrial disruption) may have an adverse impact on ASM's operating and financial performance and

financial position, such as its ability to obtain project financing funding in a timely manner or on terms acceptable to it.

In response to changing economic conditions, ASM may dispose of operations, projects and investments at below market value. ASM may miss certain opportunities. Increasing demand for rare earths and critical minerals may make acquisitions of operations and projects challenging. There may be geopolitical restraints on the jurisdictions and counterparties ASM works in and with.

(r) **Liquidity**

There may be relatively few buyers or sellers of ASM Shares on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which ASM Shareholders hold their ASM Shares. This may result in ASM Shareholders receiving a market price for their ASM Shares that is less or more than the value attributed to them under the Prospectus Offers. There can be no guarantee that there will continue to be an active market for ASM Shares or that the price of ASM Shares will increase.

(s) **Competition**

ASM faces competition in its business and there is no guarantee ASM can compete effectively with the competition. To the extent that there are new entrants or changes in strategy by existing competitors, ASM may lose market share with consequent adverse effects upon operating and financial performance. Some of ASM's current competitors are larger than ASM and have greater financial and other resources than ASM and, as a result, may be in a better position to compete for future business opportunities and may also benefit from greater economies of scale and operating efficiencies such that their operating costs are lower. ASM's ability to enter into contracts for the supply of products at profitable prices may be adversely affected by the introduction of new suppliers and any increase in competition in the global critical materials market, either of which could increase the global supply of these products and thereby potentially lower the prices.

(t) **Market conditions**

As with all investments in securities, there are risks associated with an investment in ASM Shares. Share prices, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. The macroeconomic factors described above (see 'Economic factors' risk factor) also may affect the market price of ASM Shares, regardless of ASM's performance.

On completion of the Prospectus Offers, ASM Shares may trade on ASX at higher or lower prices than the Offer Price. Investors who decide to sell their ASM Shares after the completion of the Prospectus Offers may not receive the amount of their original investment. There can be no guarantee that the price of ASM Shares will increase after they are issued. Past performance of ASM Share price is not indicative of its future performance. The price at which the ASM Shares trade on ASX may be affected by the financial performance of ASM and by external factors over which the Directors and ASM have no control.

Any decrease in the trading price of ASM Shares may make ASM a target of takeover offers from other entities. In these circumstances, there can be no guarantee as to the price that ASM Shareholders may be offered for their ASM Shares. The overall success of third party offers to acquire all or a portion of ASM's issued capital is dependent on a number of factors outside of the Board of ASM's control. Additionally, ASM may be involved in a merger or other restructure in the future. ASM makes no guarantee as to the impact on ASM Shareholders as a result of any future merger, restructure, takeover or other change of control transaction.

5.4 GENERAL RISKS

(a) **Occupational health and safety**

Exploration, construction and production activities may expose ASM's staff and contractors to potentially dangerous working environments. Occupational health and safety legislation and

regulations differ in each jurisdiction. If any of ASM's employees or contractors suffers injury, illness or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on ASM's business and reputation. Accordingly, any liabilities for workplace accidents could also have a material adverse impact on ASM's financial performance and/or position. In addition, it is not possible to anticipate the effect on ASM's business of any changes to workplace health and safety legislation or directions necessitated by concern for the health of the workforce. Such changes may also have an adverse impact on ASM's financial performance and/or financial position.

(b) **Insurance**

ASM's business is subject to a number of risks and the materialisation of any of these risks could result in damage to property, personal injury or death, environmental damage, delays in development, monetary losses and possible legal liability (including for indirect or consequential losses suffered by third parties). ASM intends to limit its exposure to such risks by contractually limiting its liability and insuring its business activities and operations in accordance with industry practice.

However, in certain circumstances, ASM's insurance may not be available or of a nature or level to provide adequate insurance to cover all liability. The occurrence of an event that is not covered or fully covered by insurance may cause substantial delays to the Dubbo Project and/or require significant capital outlays, which could have a material adverse effect on the business, financial condition and results of ASM. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by ASM.

Further, any increase in the cost of insurance policies; any change in the availability of insurance policies or in the terms, conditions or exclusions on which those policies are offered or renewed; or any inability to claim, or recover against ASM's insurance policies, including as a result of the current uncertain macroeconomic environment, could have a material adverse effect on ASM's business, financial condition and financial results.

(c) **Refinancing of current debt facilities**

ASM's ability to refinance or repay its debts as they fall due may be impacted by a range of factors, including the financial status of ASM, the value of ASM's assets, and prevailing economic and market conditions, including interest rates, at the time of maturity or refinancing. ASM currently has two loan facilities with the Korean Development Bank (**KDB**). As at 15 April 2024 only the industrial operating expense facility had been drawn from, totalling ₩15 billion (approximately A\$17.2 million). That debt is due for full repayment in June 2024.

As previously disclosed in ASM's Quarterly Activities Report for the quarter ended 31 December 2023, ASM is currently in discussions with both KDB and another commercial bank regarding the extension of the KDB facilities. However, there is a risk that ASM may not be able to restructure the KDB facilities to provide a longer repayment term, and there is no guarantee that ASM will have the ability to refinance or reschedule the outstanding debt under the KDB facilities before the existing maturity date. In these circumstances, the repayment of any amount owing under the KDB facilities may cause ASM to experience significant cash constraints, and ASM may need seek alternative funding sources, including by way of raising further equity or entering into new debt facilities (potentially on less favourable terms).

(d) **Litigation risks**

ASM is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, ASM may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on ASM's operations, financial performance and financial position. Currently, ASM has no material litigation on foot.

(e) **Force majeure**

ASM's current and future projects, financial performance and licence to operate may be adversely affected by risks outside the control of ASM, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, pandemics (i.e. COVID-19), explosions or other catastrophes, epidemics or quarantine restrictions.

(f) **Climate change**

The impacts of climate change may affect ASM's operations and the markets in which ASM may sell its products through regulatory changes aimed at reducing the impact of, or addressing climate change, including reducing or limiting carbon emissions, technological advances and other market or economic responses (including increased capital and operating costs, including increased costs of inputs and raw materials).

Climate change may also result in more extreme weather events and physical impacts on ASM due to the energy intensive nature of ASM's proposed operations, and ASM's reliance on either fossil fuels or favourable weather events for generating energy for its proposed mining and processing activities.

(g) **Jurisdictional risk**

ASM's main project is the Dubbo Project located in Australia. ASM also operates in South Korea through its investment in the KMP located in Ochang. ASM is subject to the risk that it may not be able to carry out its activities as it intends, including because of a change in government, legislation, regulation or policy.

(h) **COVID-19 risk**

COVID-19 may cause periods of significant volatility in financial, commodities and other markets. ASM has implemented measures across its business to minimise the impact of COVID-19 on ASM's business, but if a future prolonged outbreak occurs, ASM may need to take additional measures to respond appropriately. Such outbreaks may also cause changes in the domestic and global macroeconomic environment beyond ASM's control.

(i) **International conflicts risk**

The current Russian-Ukraine, Hamas-Israel and Iran-Israel conflicts and other geopolitical tensions are impacting global economies and financial markets. As the conflicts are ongoing and volatile, the nature and extent of the future effects of these conflicts, and any escalation or spread of these conflicts or the development of other conflicts, on ASM is uncertain. In the short to medium term, ASM's operations, financial performance and financial position may be adversely affected by the economic uncertainty caused by these international conflicts. ASM is monitoring the situation closely and considers the impact of the international conflicts to be, at this stage, limited. However, the situation is continually evolving and the consequences are therefore inevitably uncertain.

(j) **Unknown risks**

Additional risks and uncertainties not currently known to ASM may also have a material adverse effect on ASM's financial and operational performance. The information set out in this Prospectus regarding the key operational and investment risks does not purport to be, nor should it be considered as representing, an exhaustive list of the risks faced by ASM.

6 ADDITIONAL INFORMATION

6.1 LEGAL PROCEEDINGS

At the date of this Prospectus, to the best knowledge of the ASM Directors and senior management, no member of the ASM Group is involved in any litigation or dispute which is material in the context of ASM and its subsidiaries taken as whole.

6.2 CONTINUOUS DISCLOSURE OBLIGATIONS

As an ASX listed company and a “disclosing entity” for the purposes of section 111AC(1) of the Corporations Act, ASM is subject to regular reporting and disclosure obligations. Broadly, these obligations require ASM to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information. ASM is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements.

This Prospectus is a “transaction specific prospectus”. In general terms, a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities offered under the Prospectus on a company and the rights attaching to the relevant securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a securities exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX as applicable from time to time throughout the three months before the issue of this Prospectus, including the requirement for the Company to notify the ASX of information about specified events or matters as they arise for the purpose of the ASX making that information available to the securities exchange operated by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than to the extent is considered necessary to make this Prospectus complete.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the later of the Entitlement Offer Closing Date and the Nominal Options Offer Closing Date:
 - (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The table below sets out announcements that have been lodged by the Company with the ASX following lodgement of the Annual Report for the year ended 30 June 2023 with ASX on 29 September 2023 and prior to the Prospectus Date.

Table 4 – Recent ASX Announcements

DATE	ANNOUNCEMENT TITLE
29 September 2023	Full Year Statutory Accounts
29 September 2023	Updated AGM Date and date for director nominations
12 October 2023	Excellent heavy rare earth oxide results from Dubbo Project
17 October 2023	Supplementary Announcement
23 October 2023	Corporate Governance Statement & Appendix 4G
23 October 2023	Annual Report to shareholders
23 October 2023	Statement on Vietnamese rare earth oxide supply
23 October 2023	Notice of Annual General Meeting/Proxy Form
31 October 2023	Quarterly Activities/Appendix 5B Cash Flow Report
22 November 2023	Chief Executive Officer's AGM Presentation
22 November 2023	Results of Meeting
24 November 2023	Application for quotation of securities - ASM
24 November 2023	NOTICE PURSUANT TO PARA 708A(5)(e) OF THE CORPORATIONS ACT
24 November 2023	Notification regarding unquoted securities - ASM
24 November 2023	Change of Director's Interest Notice
27 November 2023	Notification of cessation of securities - ASM
29 November 2023	ASM appoints Stephen Motteram as CFO
8 December 2023	Notification regarding unquoted securities - ASM
22 January 2024	Chief Financial Officer commencement
29 January 2024	Quarterly Activities/Appendix 5B Cash Flow Report
15 February 2024	Bell Potter Unearthed Conference 2024
26 February 2024	Mines & Money Conference Miami
5 March 2024	PDAC 2024 Convention
5 March 2024	Details of Share Registry address

DATE	ANNOUNCEMENT TITLE
14 March 2024	Half Yearly Report and Accounts
21 March 2024	ASM receives US\$600M (\$A923M) Letter of Interest from USEXIM
25 March 2024	Bechtel contract to support engineering at the Dubbo Project
27 March 2024	Response to Aware Query
28 March 2024	Company Update Webcast
2 April 2024	Investor Webcast
10 April 2024	Option Agreement executed with Caspin Resources
10 April 2024	CPN: Agreement with ASM to Evaluate REE Potential-Mt Squires
15 April 2024	Trading Halt
17 April 2024	A\$15M Placement completed and Entitlement Offer Undertaken
17 April 2024	Proposed issue of securities - ASM
17 April 2024	Offer Presentation
23 April 2024	Application for quotation of securities - ASM
24 April 2024	Notice Under Section 708A(5)(e) of the Corporations Act 2001
26 April 2024	Growing North American support builds momentum for Dubbo Project funding process
29 April 2024	Quarterly Activities/Appendix 5B Cash Flow Report (31 March 2024)

6.3 MARKET PRICE

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC (and the most recent respective dates of those sales) were:

Table 5 – 3-month market price range

	CLOSING PRICE	DATE
High	\$1.490	25 March 2024
Low	\$0.945	11 March 2024
Latest	\$1.020	26 April 2024

There is no current or historical market sale price for options in the Company as this is a new class of security for which quotation will be sought (see Section 2.9).

6.4 INTERESTS OF DIRECTORS

As at the date of this Prospectus, the relevant interest of each of the Directors in the securities of the Company are as set out in Table 6 below.⁴³

Table 6 – Interests of Directors

DIRECTOR	SHARES	PERFORMANCE RIGHTS	OPTIONS	TOTAL
Ian Gandel	33,896,248	Nil	Nil	33,896,248
Rowena Smith	16,746	930,103	Nil	946,849
Gavin Smith	88,459	Nil	Nil	88,459
Nic Earner	167,342	Nil	Nil	167,342
Kerry Gleeson	28,902	Nil	Nil	28,902

Please refer to the Remuneration Report, which is contained on page 76 of the Company's Annual Report for the financial year ended 30 June 2023, for full details of the remuneration of the Company's executive and non-executive Directors.

The Annual Report, which contains information about the experience of directors and management, was lodged with ASX on 23 October 2023 and is available on the Company's reports page at <https://asm-au.com/investors/company-reports/>. A hard copy of the Annual Report is also available free of charge by contacting the Company at its registered address.

6.5 INTERESTS OF ADVISERS

Other than as set out below or elsewhere in this Prospectus, no:

- (a) Director or proposed Director;
- (b) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (refer to Section 6.6 below); or
- (c) promoter of the Company;

holds at the date of this Prospectus, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Entitlement Offer or Nominal Options Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

⁴³ Refer to section 3.5(b) for details of the Directors' participation in the Entitlement Offer.

- (f) the formation or promotion of the Company; or
- (g) the Entitlement Offer or Nominal Options Offer.

6.6 CONSENTS

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

(a) Basis of consents

Each of the parties referred to in Section 6.6(b) below:

- (i) has not authorised or caused the issue of this Prospectus;
- (ii) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (iii) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (iv) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

(b) Named parties

Automic Pty Ltd has given its written consent to being named as the Share Registry for the Company, in the form and context in which it is named. Automic has had no involvement in the preparation of any part of the Prospectus other than being named as the Company's share registry. Automic has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Prospectus.

6.7 COSTS

The estimated cost of the Prospectus Offers is set out in Table 7 below.

Table 7 – Estimated cost of Prospectus Offers

EXPENSE	AMOUNT ⁴⁴
ASIC lodgement fee	A\$3,206
ASX fees	A\$27,197.12 ⁴⁵
Professional adviser fees	A\$1,540,872.90
Printing, registry and other expenses	A\$40,715.10
TOTAL	A\$1,611,991.12

⁴⁴ Excluding GST.

⁴⁵ Indicative; assuming all Entitlements are taken up under the Entitlement Offer.

The cost of the Prospectus Offers will be paid from the Company's existing cash reserves and the proceeds from the Offers.

6.8 TAXATION CONSIDERATIONS

(a) Introduction

This Section is a general summary of the Australian income tax, GST and stamp duty implications of the Entitlement Offer (including the Entitlement Offer Options) for certain Eligible Shareholders and the Nominal Options Offer.

The taxation implications of the Entitlement Offer and the Nominal Options Offer will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon the professional advice of your own taxation or financial advisers before determining the particular taxation treatment that will apply to you in relation to the Entitlement Offer and the Nominal Options Offer.

Neither ASM nor any of its officers or employees, nor its taxation and other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences. The comments in this Section deal only with the Australian taxation implications of the Entitlement Offer and the Nominal Options Offer if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident of Australia for Australian income tax purposes;
- hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company, carry on a business of share trading or have made certain elections under the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth));
- acquired the Shares in respect of which the Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme; or
- may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), non-complying superannuation funds (except where expressly stated) or temporary residents.

This Section also does not apply to holders of Shortfall Securities.

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the Prospectus Date. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Shareholders. It is strongly recommended that each Eligible Shareholder seek their own independent professional tax advice applicable to their particular circumstances.

(b) Issue of Entitlement

The issue of the Entitlement should be non-assessable, non-exempt income and should not, in itself, result in any amount being included in your assessable income.

(c) Exercise of Entitlement

You will acquire Entitlement Offer Shares and Entitlement Offer Options where you exercise all or some of your Entitlements under the Entitlement Offer.

You should not derive any assessable income, or make any capital gain or capital loss, at the time of exercising (i.e. taking up) your Entitlements (in full or in part) under the Entitlement Offer.

For Australian CGT purposes, Entitlement Offer Shares and Entitlement Offer Options issued pursuant to the Entitlement Offer will be taken to have been acquired no later than the day that

the Entitlement Offer Shares and Entitlement Offer Options are issued to an Eligible Shareholder. The cost base of each Entitlement Offer Share and Entitlement Offer Option should be equal to the Offer Price payable by you plus certain non-deductible incidental costs you incur in acquiring, holding and disposing of them, apportioned between the Entitlement Offer Share and Entitlement Offer Option on a reasonable basis.

(d) **Lapse of Entitlement**

If you do not accept all or part of your Entitlement in accordance with the instructions set out above, then that Entitlement will lapse and you will not receive any consideration for the Entitlement not being taken up. There should be no Australian tax implications for you from the lapse of the Entitlement.

(e) **Issue of Nominal Options**

The issue of Nominal Options under the Nominal Options Offer should be non-assessable, non-exempt income and should not, in itself, result in any amount being included in your assessable income.

(f) **Disposal of Options**

A disposal of an Entitlement Offer Option or a Nominal Option will constitute a disposal for CGT purposes.

On disposal of an Entitlement Offer Option or Nominal Option, you will make a capital gain if the capital proceeds on disposal exceed the cost base of the Entitlement Offer Option or Nominal Option (as applicable). You will make a capital loss if the capital proceeds are less than the reduced cost base of the Attaching Option or Nominal Option (as applicable).

Individuals, trustees or complying superannuation entities that have held their Entitlement Offer Options or Nominal Options for 12 months or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and trustees and 33⅓% for complying superannuation entities.

If you make a capital loss, you can only use that loss to offset other capital gains from other sources (ie the capital loss cannot be used against taxable income on revenue account). However, if the capital loss cannot be used in a particular income year, it can be carried forward to use in future income years, providing certain tests are satisfied.

(g) **Exercise of Options**

You should not derive any assessable income, or make any capital gain or capital loss, at the time of exercising (ie taking up) your Entitlement Offer Options or Nominal Options (in full or in part).

For Australian CGT purposes, New Shares issued pursuant to the Entitlement Offer Options and Nominal Options will be taken to have been acquired no later than the day that the New Shares are issued to you.

The cost base of each New Share issued on the exercise of the Entitlement Offer Options should be equal to the amount paid to exercise the Entitlement reasonably apportioned to the Entitlement Offer Options plus the exercise price for the Attaching Options.

The cost base of each New Share issued on the exercise of the Nominal Options should be equal to the exercise price of the Nominal Option.

(h) **Lapse of Options**

If you do not exercise all or part of the Entitlement Offer Options in accordance with the instructions set out above, then that Entitlement Offer Option will lapse and you will not receive any consideration for the Entitlement Offer Option not being taken up. In this case, you should make a capital loss equal to the amount paid to exercise the Entitlement that was reasonably apportioned to the Entitlement Offer Options.

If you do not exercise all or part of the Nominal Options in accordance with the instructions set out above, then that Nominal Option will lapse and you will not receive any consideration for the Nominal Option not being taken up. In this case, there should be no Australian tax implications for you from the lapse of the Entitlement.

(i) **Taxation in respect of dividends on New Shares**

Any future dividends or other distributions made in respect of New Shares will be subject to the same income taxation treatment as dividends or other distributions made on Existing Shares held in the same circumstances.

(j) **Disposal of New Shares**

The disposal of New Shares will constitute a disposal for CGT purposes.

On disposal of a New Share, an Eligible Shareholder will make a capital gain if the capital proceeds received on disposal exceed the cost base of the relevant New Share. An Eligible Shareholder will make a capital loss if the capital proceeds are less than the reduced cost base of the New Share. The cost base of New Shares is described above in Section 6.8(c).

Eligible Shareholders that are individuals, trustees or complying superannuation entities that have held their New Shares for 12 months or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and trustees and 33⅓% for complying superannuation entities.

New Shares will be treated for the purposes of the CGT discount as having been acquired no later than the day the New Shares are issued to the Eligible Shareholder. Accordingly, to be eligible for the CGT discount, the New Shares must be held for at least 12 months⁴⁶ after the date of acquisition for CGT purposes, which should be no later than the time that the New Shares are issued to the Eligible Shareholder.

If you make a capital loss, you can only use that loss to offset other capital gains from other sources (i.e. the capital loss cannot be used against taxable income on revenue account). However, if the capital loss cannot be used in a particular income year, it can be carried forward to use in future income years, providing certain tests are satisfied.

(k) **Provision of TFN and/or ABN**

ASM may be required to withhold tax from you on payments of dividends that are not fully franked, at the specified rate, and remit such amounts to the Australian Taxation Office, unless you have provided an ABN, TFN, or you have informed us that you are exempt from quoting your TFN or ABN.

You are not required to provide your TFN or ABN to the Company, however you may choose to do so. If you have previously quoted your ABN, TFN, or have notified us that an exemption from quoting your TFN or ABN exists, that quotation or exemption will also apply in respect of any New Shares acquired by you.

(l) **GST and stamp duty**

No stamp duty should be payable by you in respect of the issue, sale or taking up of Entitlements, Entitlement Offer Options or Nominal Options, or the acquisition of New Shares, pursuant to the Entitlement Offer or the Nominal Options Offer, as long as the Company remains on the official list of ASX, all of its shares are quoted on ASX and no holder (alone or with associates as defined in the duties legislation) will start to hold a 90% or more interest in ASM. In some circumstances, interests of persons who are not associates can be aggregated together in determining whether that threshold is met or exceeded.

No Australian GST should be payable by you in respect of the issue, exercise or lapse of Entitlements, Entitlement Offer Options or Nominal Options or the acquisition of New Shares pursuant to the Entitlement Offer or the Nominal Options Offer. Subject to certain requirements, there may be a restriction on your entitlement to claim an input tax credit for

⁴⁶ The ATO measures the period of 12 months for this purpose exclusive of both the acquisition date and the disposal date.

any GST incurred on costs associated with the acquisition or disposal of New Shares (such as brokerage or adviser fees).

7 DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with ASIC.



Ian Gandel
Chairman

Signed for and on behalf of Australian Strategic Materials Limited

8 GLOSSARY

ABN means Australian Business Number.

Acceptance Form means the Entitlement and Acceptance Form or the Nominal Options Offer Acceptance Form, as applicable.

AEST means Australian Eastern Standard Time.

Applicant means an Eligible Shareholder who has submitted a valid Application.

Application means:

- in respect of the Entitlement Offer, the arranging for payment of the relevant Application Money through BPAY® or EFT in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Money (which is required for payments by EFT); and
- in respect of the Nominal Options Offer, the submission of the Nominal Options Offer Application Form in accordance with the instructions on the Nominal Options Offer Application Form.

Application Money means the aggregate amount payable for the New Shares applied for through BPAY® or EFT or in a duly completed Entitlement and Acceptance Form (which is required for payments by EFT).

ASIC means the Australian Securities and Investments Commission.

ASIC Instrument 2016/80 means ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80.

ASM Group means ASM and each of its subsidiaries.

ASX means ASX Limited (ABN 98 008 624 691) or, where the context requires, the securities exchange operated by it on which Shares are quoted.

ASX Listing Rules means the official listing rules of ASX.

Bechtel means Bechtel Mining and Metals, Inc.

Beneficiaries has the meaning given in the Important Notices.

BPAY® means registered to BPAY Pty Ltd (ABN 69 079 137 518).

CGT means capital gains tax.

Company or **ASM** means Australian Strategic Materials Limited (ACN 168 368 401).

Corporations Act means the *Corporations Act 2001* (Cth).

CRN means Customer Reference Number.

DDO Regime means the design and distribution obligations under the in Part 7.8A of Corporations Act.

EDC means Export Development Canada, the official export credit agency of Canada.

EFT means electronic funds transfer.

EGM means the extraordinary general meeting of the Company, expected to be held on Wednesday, 19 June 2024.

Eligible Shareholder:

- in respect of the Entitlement Offer, has the meaning given in Section 2.2 of this Prospectus; and
- in respect of the Nominal Options Offer, means the investor(s) invited by the Company to participate in the Nominal Options Offer in accordance with Section 2.8.

Entitlement means the right of an Eligible Shareholder to apply for 1 New Share for every 40 Existing Shares held by the Eligible Shareholder on the Record Date (and 1 Entitlement Offer Option for every New Share issued), pursuant to the Entitlement Offer.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form that accompanies this Prospectus, in respect of the Entitlement Offer.

Entitlement Offer means the standard pro rata non-renounceable entitlement offer of:

- 1 New Share for every 40 Existing Shares held in the Company as at the Record Date at the Offer Price, to raise approximately A\$5.2 million; and
- in respect of each New Share issued, one free-attaching option.

Entitlement Offer Closing Date means the day the Entitlement Offer closes, expected to be 5.00pm (AEST) on Monday, 20 May 2024.

Entitlement Offer Option means a free-attaching option offered under the Entitlement Offer.

Entitlement Offer Period means the period from 9.00am (AEST) Monday, 6 May 2024 to 5.00pm (AEST) Monday, 20 May 2024.

Entitlement Offer Share means a New Share offered under the Entitlement Offer.

Exercise Price means A\$1.74.

Existing Share means a Share that is on issue on the Record Date.

Expiry Date means 5:00pm on 31 October 2027.

FEED means Front End Engineering Design.

GST means goods and services tax imposed in Australia pursuant to the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Ineligible Shareholder means a Shareholder that is not an Eligible Shareholder.

New Share means a new fully paid ordinary share in the capital of the Company.

Nominal Option means an option offered under the Nominal Options Offer.

Nominal Options Offer an offer of up to 100 options for nil consideration (subject to the same exercise price and expiry date as the Entitlement Offer Options), to facilitate the secondary trading of Placement Options (in accordance with s 708A(11) of the Corporations Act) and resulting New Share issued on exercise of a Placement Option (in reliance of the relief available under ASIC Instrument 2016/80).

Nominal Options Offer Acceptance Form means the confirmation of allocation form, in respect of the Nominal Options Offer.

Nominal Options Offer Closing Date means Monday, 24 June 2024.

Nominal Options Offer Period means the period from 9.00am (AEST) Monday, 6 May 2024 to 5.00pm (AEST) Monday, 24 June 2024.

Offer means the Placement and the Entitlement Offer.

Offer Period means either the Nominal Option Offer Period or the Entitlement Offer Period, as the context requires.

Offer Price means A\$1.16 per New Share, being the price payable per New Share under the Offer.

Optionholder means a holder of Prospectus Options.

Placement means an institutional placement of:

- New Shares at the Offer Price; and
- in respect of each New Share, one free-attaching option, to be issued conditional on and subject to shareholder approval.

Placement Option means a free-attaching option to be issued under the Placement, conditional on and subject to shareholder approval.

Placement Share means a New Share issued under the Placement.

Prospectus means this document (including the personalised Acceptance Form accompanying it).

Prospectus Date means the date of this Prospectus.

Prospectus Offers means the Entitlement Offer and the Nominal Options Offer.

Prospectus Options means the Entitlement Offer Options and the Nominal Options.

Prospectus Securities means the Entitlement Offer Shares and the Prospectus Options.

Quotation Condition has the meaning given to it in section 2.9.

Record Date means 7.00pm (AEST) on Thursday, 2 May 2024.

Retail Client has the meaning given in the Corporations Act.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Automic Pty Ltd (ABN 27 152 260 814).

Shareholder means a registered holder of Shares.

Shortfall Securities has the meaning given in Section 2.11 of this Prospectus.

Target Market means the class of Retail Clients within the target market for the New Options, as set out in the TMD and described in the Important Notices.

TFN means tax file number.

TMD means the target market determination issued by the Company.

USEXIM means the Export-Import Bank of the United States.

US Securities Act means the U.S. Securities Act of 1933, as amended.

Wholesale Client has the meaning given in the Corporations Act.

CORPORATE INFORMATION

COMPANY

Australian Strategic Materials Limited
Level 4, 66 Kings Park Road
West Perth WA 6005

OFFER INFORMATION LINE

If you have any questions about the Entitlement Offer, please contact the Information Line:

Australia: [1300 101 297](tel:1300101297)

International: [+61 2 9068 1929](tel:+61290681929)

Open 8.30am to 7.00pm (AEST) Monday to Friday during the relevant Offer Period.

INVESTOR ENQUIRIES

The Company's Shareholder Relations Team
info@asm-au.com

SHARE REGISTRY

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000