

29 April 2024

QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2024

KEY POINTS

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

- Received a non-binding and conditional Letter of Interest (LoI) from the Export-Import Bank of the United States (US EXIM) to provide a debt funding package of up to US\$600 million for the construction and execution phase of the Dubbo Project;
- Appointed global engineering company Bechtel to conduct Front-End Engineering Design (FEED) services for the Dubbo Project;
- Submitted an application to cover >80% of the Bechtel FEED services contract to US EXIM's Engineering Multiplier Program (EMP) and received a non-binding and conditional Letter of Interest from US EXIM to provide a debt funding package of ~US\$32 million in support of this application;
- Progressed non-process infrastructure Study work and other critical early establishment work at the Dubbo Project; and
- Received an improved ESG Risk Rating from Morningstar Sustainalytics, positioning ASM in the top 10 per cent of companies globally within the Diversified Metals-Mining Industry Group.

Subsequent to the conclusion of the Quarter, ASM made material announcements related to:

- The successful completion of an institutional placement to raise A\$15 million and the Company's intention to undertake an Entitlement Offer to target up to approximately A\$5.2 million; and
- The receipt of a non-binding and conditional Letter of Interest from Export Development Canada to provide a debt funding package of up to A\$400 million for the construction and execution phase of the Dubbo Project.

DUBBO PROJECT

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

Project funding

During the Quarter, ASM received a non-binding and conditional Letter of Interest (**LoI**) from the Export-Import Bank of the United States (**US EXIM**) to provide a debt funding package of up to US\$600 million (A\$923 million)¹ for the construction and execution phase of the Dubbo Project.²

US EXIM's support is linked to potential US content, such as equipment, goods and services, to be supplied in the construction phase at Dubbo and the key strategic role the Project can play in the critical minerals supply chain. The LoI is subject to completion of due diligence by US EXIM, and ASM obtaining all necessary approvals for the Dubbo Project.

The LoI represents a significant step in the project funding strategy for the Dubbo Project and is a reflection of the strong engagement the Company has experienced from government, investors, and industry groups in North America.

This positive North American engagement was further demonstrated subsequent to the conclusion of the Quarter, with ASM receiving a non-binding and conditional LoI from Export Development Canada (EDC) – Canada's official export credit agency. The LoI indicates support to provide a direct lending debt funding package of up to A\$400 million for the construction and execution phase of the Dubbo Project.³

EDC's LoI is supported by potential equipment and services supply from Canadian companies for the execution phase of the Dubbo Project. The provision of financing by EDC is subject to successful completion of EDC's due diligence process, obtaining all requisite EDC internal approvals and typical project finance conditions. The EDC LoI will expire on 25 April 2025.



Left: ASM Managing Director and CEO Rowena Smith (right) attended Austrade's Critical Minerals session at PDAC 2024 in Toronto, alongside Australia's Minister for Resources the Hon Madeleine King MP (left) and Meghan Quinn PSM, Secretary of the Department of Industry Science and Resources (centre). Right: Participants in the Critical Minerals session.

¹ Exchange rate (A\$: US\$) – 0.65

² Refer ASX Release 21 March 2024: *ASM receives US\$600M (A\$923 million) Letter of Interest from US EXIM for Dubbo Project, as US partnerships being to a play a significant role*

³ Refer ASX Release 26 April 2024: *Growing North American support builds momentum for Dubbo Project funding process*

ASM continues to progress discussions with other export credit agencies and commercial banks regarding participation in funding the Dubbo Project with the intent of securing conditional letters of support, including active discussions with Export Finance Australia.

ASM will update the market when further letters of support are issued.

The Company continues to explore opportunities for government funding and support for the Dubbo Project. During the Quarter, ASM submitted an application for funding pursuant to the Australian Federal Government's International Partnerships in Critical Minerals Program. This program provides critical minerals businesses up to A\$20 million in funding to grow end-to-end supply chains with Australia's international partners. Pursuant to its application, the Company has sought funding to assist with activities to be conducted alongside the Bechtel front-end engineering design (**FEED**) services (refer below) that are required for the Company to complete a feasibility study on the construction and operation of the Dubbo Project. The Company will update the market when it receives a determination on its application.

During the Quarter, the Company continued to progress accessing potential funding and support from the US Government available under the US 'Defense Production Act'. These efforts were supported by in person engagement with key US government agencies including the Department of Defense (**DoD**), Department of Energy (**DoE**) and Department of Commerce (**DoC**). The Company intends to formally commence the process for these opportunities in the coming quarter with the submission of initial white paper applications. The Company will update the market as these processes progress.

The Company continues to explore opportunities for Australian government funding and support more generally. During the Quarter there was active engagement with key government ministers, departments, agencies and bodies in particular with the view to exploring funding available under the Critical Minerals Facility and the National Reconstruction Fund.

Dubbo Project offtake

Discussions with OEMs and Tier 1 suppliers as part of competitive processes for participation in the supply chain continued during the Quarter with parties in Europe, the US and Korea. These discussions were again supported by the technical validation of ASM's metallisation and alloying capability at the Korean Metals Plant. Recent ASX announcements pertaining to funding interest further assisted in marketing discussions, providing updated guidance on the anticipated timeline for the Dubbo Project commencing production.

The Company will provide updates to the market when binding offtake agreements are reached.

Bechtel contract

During the Quarter ASM made a significant announcement advising of the appointment of global engineering company Bechtel Mining and Metals, Inc (**Bechtel**) to conduct FEED services for the Dubbo Project.⁴

Bechtel will progress the design of both the process plant and non-process infrastructure (**NPI**) facilities at the Dubbo Project and progress the engineering in readiness for commencement of the construction phase. In

⁴ Refer ASX Release 25 March 2024: *Bechtel contract to support ASM with engineering at the Dubbo Project*

addition to supporting the procurement of long lead items and site preparation works, the Bechtel contract includes the finalisation of the strategies, execution plans, baseline scope and standards to drive the procurement process for engaging contractors in readiness for construction.

At completion of the FEED services, Bechtel will present documentation that will support the Company finalising a feasibility study on the construction and operation of the Dubbo Project that will include an updated capital cost estimate, operating cost estimate and project schedule. This will in turn allow the Company to progress key funding activities and provides a critical path to taking final investment decision **(FID)** on the Dubbo Project.

The contract and strategic partnership present an opportunity for ASM to attract new funding pathways in North America and Australia. US EXIM operates an Engineering Multiplier Program **(EMP)** that will finance certain pre-construction engineering and study services undertaken prior to commencement of the implementation phase of a physical project, supporting the award of major equipment supply and construction contracts and development of technical, environmental and social information that are required to facilitate US EXIM's future consideration of requests to support the implementation of foreign projects.

The FEED services contract with US-based Bechtel makes the Dubbo Project eligible for potential EMP funding. During the Quarter ASM submitted an application to the program for >80% of the contract costs and US EXIM has issued ASM a non-binding LoI indicating that subject to further due diligence and US EXIM Board approval, it will extend up to US\$32 million (A\$49 million)⁵ in debt funding for the FEED Services.

In June 2022 ASM executed a contract with Hyundai Engineering Co Ltd to procure engineering, procurement and construction definition work **(EPCD)** for Dubbo with the work divided into three stages, the first of which was completed in July 2023. With the broader funding opportunities that now present themselves in the US, ASM has taken the decision not to proceed with Stages 2 and 3 of the EPCD work. There is no penalty or cost associated with this decision for the parties.

Early establishment activities

During the Quarter, Bechtel progressed the non-process infrastructure **(NPI)** Study work in alignment to schedule. The outputs from this work are being used to assist with engagement with key stakeholders for planned early establishment activities and will be a key input to the commencement of the FEED services by Bechtel.

In addition, ASM engaged in other essential activities that will help ensure the Company is well positioned to commence construction following FID on the Dubbo Project, including:

- continuing work on the solid residue storage facility **(SRSF)** study with Stantec. During the Quarter, Stantec finalised the scope for the next phase of work which is expected to commence in mid-April 2024; and
- planning on the engineering works to upgrade local roads and bridges which is subject to the A\$10 million grant received from the NSW Government under Stream 2 of the Critical Minerals

⁵ Exchange rate (A\$: US\$) – 0.65

and High-Tech Metals Activation Fund⁶. This work will progress in the coming months with engineering design work being undertaken and work to obtain necessary approvals in order to commence physical works in early 2025.

ANSTO study work

Australia's Nuclear Science and Technology Organisation (**ANSTO**) has undertaken further test work of the modified zirconia and hafnia (**Zr/Hf**) separation process in the flowsheet and expects this to be completed in the second Quarter of CY2024. The results of this test work will support ASM's discussions with customers regarding offtake arrangements and product offerings.

As previously reported, ASM has conducted study work on an alternative circuit for the preparation of the niobium concentrate to be used as the feed source for the ferroniobium smelter on site. During the Quarter, the alternative circuit was successfully developed and demonstrated. Consideration will now be given to its economic viability as an alternative processing route to the current base case, with a final evaluation report anticipated mid-2024.

Revised KCF Framework Agreement

During the Quarter, under the Revised Framework Agreement, ASM continued discussions and to explore opportunities with KCF Energy Co. Ltd (**KCF**). Discussions with the KCF will continue through the next Quarter.

⁶ Refer ASX Announcement 19 December 2022: *ASM's Dubbo Project gets \$10 million funding boost from NSW government*

KOREAN METALS PLANT

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

Safety

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

Neodymium praseodymium metal

NS World, ASM's established metal customer, took delivery of one tonne of NdPr metal during the Quarter, with January and February deliveries postponed due to NS World internal issues. A delivery schedule has been agreed with NS World that will see the remaining five tonnes of the contractually committed six tonnes delivered prior to the contract expiry of June 2024.

Production of Nd and NdPr metal was suspended during the Quarter to allow the KMP to undertake enhancements – targeting best practice operational efficiency and increased production capability. These enhancements are foundational to the expansion of the KMP and leverage ASM's operational learnings from the first 18-months of production.

Neodymium iron boron strip alloy

During the Quarter, ASM continued to develop its customer base for the Korean Metals Plant and is actively engaged in several technical validation processes for neodymium iron boron (**NdFeB**) strip alloy sales with new customers in Korea and EU. These discussions progressed well during the Quarter, supported by ongoing sample exchange with these prospective customers.

Post the conclusion of the Quarter in April 2024, ASM delivered sales of a 465kg commercial sample of NdFeB strip alloy to an EU customer and a 200kg commercial sample of NdFeB strip alloy to a Korean customer. These commercial sample sales are in support of the final stages of technical validation with these customers. Subject to successful testing outcomes ASM anticipates that it will enter into commercial discussions regarding further long-term sales agreements and will update the market when binding agreements are concluded.

Throughout the Quarter, ASM continued to progress technical validation and discussions regarding the required specifications of NdFeB strip alloy with existing customers, Noveon Magnetics Inc. (**Noveon**) and USA Rare Earth (**USARE**). In addition, discussions are underway with those customers to agree a delivery schedule that aligns with their production needs. In respect of Noveon is anticipated to see them take the full 100 tonnes of contractual committed NdFeB strip alloy with delivery likely to commence later in CY2024 and continue throughout 2025.



Occupational safety training was conducted at the KMP during the Quarter.

KMP feedstock supply

In pursuit of ASM's mine to metals strategy and its objective to secure diverse feedstock supply beyond the Dubbo Project, the Company is in advanced discussions for oxide supply with EU and US suppliers with the anticipation that such supply will be provided in 2025. Samples of the oxide materials have been received from these potential suppliers as part of the KMP supplier validation process, with several product quality assessments completed during the Quarter and more planned for the coming months.

The KMP, at present, maintains sufficient inventory to meet the fulfilment of production and customer delivery needs through CY24.

Metallisation technology

During the Quarter, work was undertaken on to install enhancements to the KMP's copper titanium (CuTi) production equipment. Work included the completion of modifications to the dust & fume collectors as well as modifications to improve process performance which will continue through the second Quarter of CY2024. A titanium electro refiner is also planned for installation in the next quarter, with commissioning of the equipment anticipated to continue through the third Quarter of CY2024. During this time, CuTi alloy sample production will remain paused.

ASM also continued its program of expansion of its metallisation capability to dysprosium (Dy) and terbium (Tb) applications, with the program focused this quarter on improving purity for Dy and Tb metals. Several laboratory scale metallisation trials were successfully completed, with a total of 700g of Tb metal with 99.5% purity and 380g of Dy metal with 99.98% purity produced. This high purity heavy rare earth metallisation process is being reviewed to apply for a registered patent of the process. Upscaled trials for Tb and Dy are being planned for the coming months and this work will continue throughout CY2024.

MOTIE delegation visit

The KMP team welcomed a delegation from the Ministry of Trade, Industry and Energy (MOTIE) in January, led by recently appointed Minister for Trade, Mr In-kyo Cheong.

In his first official engagement since taking up the position, Mr Cheong joined our Representative Directors Mr Sung-lea Cho and Mr Hong-young Ryu for a tour of our facility and a discussion that explored how the KMP is delivering into the global critical metals market.



KMP's Representative Director, Mr Sung-lea Cho (centre) leads Korea's Minister for Trade, Mr In-kyo Cheong on a tour of the Korean Metals Plant.

ESG

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

Sustainalytics rating

During the Quarter, ASM received its second annual public environmental social and governance (ESG) Risk Rating from Morningstar Sustainalytics, improving from a 32.6 High risk rating in January 2023 to a 27.7 Medium rating in 2024. The global ESG Risk Ratings measure a company's exposure to industry-specific material environment, social and governance risks and how well a company is managing those risks.

This latest rating positions ASM in the top 10 per cent of companies globally within the Diversified Metals Mining Industry Group, and represents a significant improvement in overall performance – recognising the strategic work on ESG activities that ASM has conducted.

ASM is committed to continued improvement and will use this year's report drive further progress in relation to the Company's ESG activities.

Dubbo Project Carbon Farming

During the Quarter ASM received the welcome news from the Clean Energy Regulator that the ASM-Toongi Soil Carbon Project has become registered as an eligible offset project under the Australian government's Emissions Reduction Fund (**ERF**). Under the ERF, measured increases on in-soil carbon content can earn Australian carbon credit units (**ACCU**) which can then potentially be offset against the emissions from the Dubbo Project.

As part of commencing this work, ASM took core samples of the soil which are now the baseline carbon levels against which it will continue to measure soil content levels over the five-year duration of the program. That assessment will determine the ACCUs produced from the ASM Toongi Soil Carbon Project.

CORPORATE

Institutional Placement and Entitlement Offer

Subsequent to the conclusion of the Quarter, ASM announced the successful completion of an institutional placement to raise A\$15 million (**Placement**).⁷ The Placement saw strong interest from new and existing and international institutional investors. In addition to the Placement, the Company intends to offer eligible ASM shareholders the opportunity to participate in a standard non-renounceable entitlement offer to target up to a further A\$5.2 million (**Entitlement Offer**) (collectively, the Placement and Entitlement Offer are the **Offer**). Further details of the Entitlement Offer will be set out in a prospectus which will be lodged with ASIC, released to ASX and made available to eligible shareholders in due course.

⁷ Refer ASX Announcement 17 April 2024: *Successful completion of Institutional Placement to raise A\$15M; Entitlement Offer to be undertaken*

Funds raised pursuant to the Offer, together with existing cash and sources of liquidity, will be applied as follows:

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

COMMUNITY

ASM is committed to establishing strong and positive relationships with the communities where we operate. We want to work together to build resilient communities and return a positive, lasting legacy.

Dubbo

ASM continued to support local community activities in Dubbo throughout the Quarter. ASM was proud to sponsor the Western Plains Science and Engineering Challenge which involved students from a dozen schools across the district. The challenge sees both secondary and primary school students participate in teams over a series of mini-events to test their knowledge, teamwork and creativity.

During the Quarter, the KMP was pleased to receive a delegation from the Dubbo Regional Council, which included the Mayor of Dubbo, Mathew Dickerson, as part of a self-funded delegation to Korea and Japan.

The visit to the KMP provided the opportunity for the delegation to tour the metals plant and understand the role the KMP is playing in the delivery of ASM's mine to metal strategy, of which the Dubbo Project is a key part.



Dubbo Mayor Mathew Dickerson (sixth from left) and the Dubbo Regional Council delegation were welcomed by KMP management and provided with an insight into how the facility will metallise oxides produced at the Dubbo Project.

Korea

In January 2024, the KMP team performed a traditional Korean safety ceremony at the KMP. The purpose of the ceremony is to give thanks for the safe execution of activities at the facility whilst also intending to pray

for protection from future safety incidents. The safety ceremony provides a valuable chance for all employees to appreciate cultural diversity and reflect on the fundamental values that influence people's behaviour and mindset.

The KMP team eagerly took part in the fruit sharing event hosted for the Ochang community during the Lunar New Year festivities. Held on 7 February, the event was organised by a committee representing companies within the Ochang foreign investment zone. The event provided a wonderful opportunity for the KMP to contribute to the spirit of the occasion and foster goodwill within the community.



Left: Employees at the KMP conduct a traditional Korean safety ceremony. Right: KMP employees participate in a fruit sharing event hosted for the Ochang community during the Lunar New Year festivities.

MARKET OUTLOOK

A pickup in manufacturing Purchasing Manager Indices in both the US and China has seen all four major indices in the world's two largest economies move into expansionary territory, bolstering hopes that after last year's destocking cycle, a reacceleration in global growth will help to lift aggregate commodity demand and prices.

At the same time, rising geopolitical tensions continue to be supportive for many of ASM's products, not only due to increased government spending in general but also as corporations look to secure independent, stable sources of supply for critical minerals. China's request for WTO dispute consultations relating to US tax credits for electric vehicles (EVs) under the Inflation Reduction Act and the EU's pronouncement that it has found sufficient evidence of subsidies relating to imported EVs from China are important developments in this respect.

NdFeB

REE prices fell in Q1 2024 by an average of 29% for oxides and 26% for metals, while high grade NdFeB alloy prices also fell by 4%⁸. Lower costs for a number of EV raw materials are now being transferred downstream, allowing OEMs to reduce vehicle sticker prices amid fierce competition, particularly both in and from China. This should increase their competitiveness compared to traditional internal combustion engines (ICEs), helping win further market share and clearing inventories of magnetic materials built up through the supply chain during 2023. Expectations for a 22%⁹ year-on-year (y/y) increase in global EV sales in 2024 should also be supportive.

Zirconia

Zirconia prices rose consistently throughout the first quarter, finishing March above \$6,300/t¹⁰, a gain of more than 10% from the recent low seen in mid-December. This is in line with seasonal patterns of activity in the northern hemisphere where economic activity accelerates with milder weather. Consultancy TZMI notes that there has been an improvement in consumer sentiment recently, particularly for high-quality zircon. Meanwhile in China, the government's US\$50bn 'Three Major Projects' policy should also be supportive for zirconium products usage in the ceramics sector.

Hafnium

Hafnium prices continued their pull back from recent record highs to \$4,700/kg by the end of March. This reversion to more sustainable levels should support the healthy development of demand for the metal's use in nickel-based super alloys and next generation nanochips, essential for its performance characteristics at elevated temperatures.

⁸ All figures for rare earths materials are from/derived from Adamas Intelligence

⁹ <https://about.bnef.com/blog/electrified-transport-market-outlook-1q-2024-speed-bumps/>

¹⁰ All figures for zirconia and hafnia are from/derived from Argus Non-Ferrous Markets

Niobium

Niobium ingot prices in Europe have risen 4% to \$98/kg since the beginning of the year, whilst in China, a shortage of raw materials is being cited for the 15% increase in niobium pentoxide prices over the period, to record highs around \$54/kg. Prices for ferroniobium remain stable at ~\$47/kg. With supply of niobium units constrained due to lower shipments of columbite and tantalite from Brazil and the DRC, demand has also lifted with the resurgence of the aerospace industry, where the International Aircraft Transportation Association notes February 2024 global international and domestic demand rose by 26% and 15% y/y respectively¹¹.

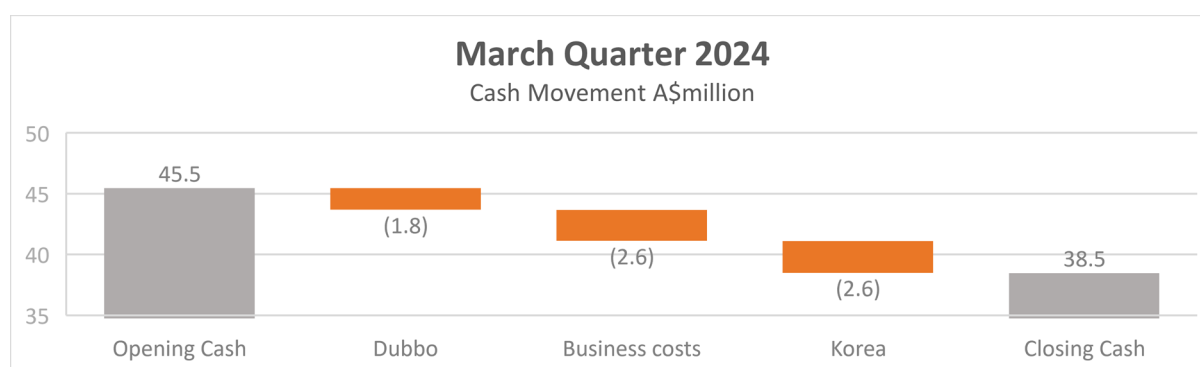
¹¹ <https://www.iata.org/en/pressroom/2024-releases/2024-04-04-01/>

FINANCE

Cash

ASM's cash position as at 31 March 2024 was A\$38.5M. The following waterfall chart highlights cash movements during the quarter including:

- A\$1.8M of Dubbo Project costs including the NPI Study work by Bechtel, the purchase of engineering and metallurgical services and net expenditure for agricultural activities.
- A\$2.6M of Business costs relating to business development, marketing and administration.
- A\$2.6M of Korean expenditure principally relating to inventory, administrative and personnel costs net of Korean Government grant funding and sales.



Banking facilities

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

At 31 March 2024, the Group had bank debt totalling ₩15 billion (A\$17.1m), with ₩7 billion (A\$8.0m) remaining in undrawn facilities, please refer to item 7 in Appendix 5B for further details.

MINING TENEMENTS

Australian Strategic Materials Limited confirms the following information as of 31 March 2024 (as required by ASX Listing Rule 5.3.3).

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

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

GLOSSARY

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

Forward looking statements

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

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

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

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

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

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

APPENDIX 5B

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

Name of entity

Australian Strategic Materials Ltd

ABN

90 168 368 401

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	432	3,568
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(505)	(2,633)
	(d) staff costs	(3,207)	(10,220)
	(e) administration and corporate costs	(1,597)	(6,267)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	485	1,561
1.5	Interest and other costs of finance paid	(4)	(12)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	61	1,988
1.8	Other (provide details if material)	43	481
1.9	Net cash from / (used in) operating activities	(4,292)	(11,534)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(397)	(1,832)
	(d) exploration & evaluation	(4,393)	(8,842)
	(e) investments	-	-
	(f) other non-current assets	-	(108)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
	<i>Government grants and tax incentives</i>	2,336	4,812
	<i>Payments for biological assets</i>	(51)	(139)
2.6	Net cash from / (used in) investing activities	(2,505)	(6,109)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)*	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(183)	(556)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(183)	(556)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	45,467	56,655
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,292)	(11,534)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,505)	(6,109)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(183)	(556)
4.5	Effect of movement in exchange rates on cash held	(9)	22
4.6	Cash and cash equivalents at end of period	38,478	38,478

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,478	7,967
5.2	Call deposits	32,000	37,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	38,478	45,467

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	361
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

During the quarter ended 31 March 2024, item 6.1 cash payments totalled \$361,000. These payments included Director's fees, travel, consulting and superannuation. Other related parties' payments included \$81,000 paid to Alkane Resources Limited for personnel and office services.

7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																												
7.1 Loan facilities	17,084	17,084																												
7.2 Credit standby arrangements	-	-																												
7.3 Other (please specify)	-	-																												
7.4 Total financing facilities	-	-																												
7.5 Unused financing facilities available at quarter end		7,973																												
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																														
<p><i>The Group holds two Korean Won (₩) loan facilities with the Korea Development Bank in South Korea. Firstly, an Industrial Facility for operating and capital expenditure and secondly an Overdraft Facility for the Korean Metals Plant. Details of each facility are outlined below:</i></p> <table border="1"> <thead> <tr> <th></th> <th>Industrial Facility - Opex</th> <th>Industrial Facility - Capex</th> <th>Overdraft Facility</th> </tr> </thead> <tbody> <tr> <td>Facility amount</td> <td>₩ 15,000,000,000</td> <td>₩ 4,000,000,000</td> <td>₩ 3,000,000,000</td> </tr> <tr> <td>Amount drawn</td> <td>₩ 15,000,000,000</td> <td>Undrawn</td> <td>Undrawn</td> </tr> <tr> <td>Repayment date</td> <td>10 June 2024</td> <td>Quarterly repayments for 5 years commencing from date of loan draw down.</td> <td>2 years from date of loan draw down.</td> </tr> <tr> <td>Lender</td> <td>KDB Bank</td> <td>KDB Bank</td> <td>KDB Bank</td> </tr> <tr> <td>Interest</td> <td>4.23% KDB 2-year industrial financial debenture rate (on date of transfer) + 1.05% pa.</td> <td>KDB 5-year industrial financial debenture rate (on date of transfer) + 0.68% pa.</td> <td>KDB overdraft base rate + 1.06% per annum</td> </tr> <tr> <td>Security</td> <td>Unsecured</td> <td>Secured</td> <td>Unsecured</td> </tr> </tbody> </table>				Industrial Facility - Opex	Industrial Facility - Capex	Overdraft Facility	Facility amount	₩ 15,000,000,000	₩ 4,000,000,000	₩ 3,000,000,000	Amount drawn	₩ 15,000,000,000	Undrawn	Undrawn	Repayment date	10 June 2024	Quarterly repayments for 5 years commencing from date of loan draw down.	2 years from date of loan draw down.	Lender	KDB Bank	KDB Bank	KDB Bank	Interest	4.23% KDB 2-year industrial financial debenture rate (on date of transfer) + 1.05% pa.	KDB 5-year industrial financial debenture rate (on date of transfer) + 0.68% pa.	KDB overdraft base rate + 1.06% per annum	Security	Unsecured	Secured	Unsecured
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8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,292)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,393)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(8,685)
8.4 Cash and cash equivalents at quarter end (item 4.6)	38,478
8.5 Unused finance facilities available at quarter end (item 7.5)	7,973
8.6 Total available funding (item 8.4 + item 8.5)	46,451
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.3
<p><i>Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	

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

Answer: N/A

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

Answer: N/A

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

Compliance statement

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

Date: 29 April 2024.....

Authorised by: The Board of Directors

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

Notes

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