ANNUAL REPORT 2024

Australian Strategic Materials Ltd | ACN 168 368 401

Corporate Directory

ACN: 168 368 401

Directors:

Ian J Gandel (Non-Executive Chair)
Rowena J Smith (Managing Director & CEO)
Gavin M Smith (Non-Executive Director)
Kerry J Gleeson (Non-Executive Director)
Nicholas P Earner (Non-Executive Director)

Joint Company Secretaries:

Annaliese Eames
Dennis Wilkins

Registered Office and Principal Place of Business:

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Share Registry:

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Auditor:

PricewaterhouseCoopers
Brookfield Place, 125 St Georges Terrace
Perth WA 6000

Website:

asm-au.com

Security Exchange Listing:

Australian Strategic Materials Limited shares and options are listed on the Australian Securities Exchange (ASX codes: ASM (shares), ASMO (options))
Admitted to the Official List of ASX on 29 July 2020

Front cover image: Aerial view of the Dubbo Project.
Right: View of Dubbo Project farmland.

Disclaimer

Competent Persons

The Mineral Resources and Ore Reserves Statement has been approved by Mr D Ian Chalmers, FAusIMM, FAIG, a technical advisor to the Company. Mr Chalmers has provided his prior written consent to the inclusion in this report of the Mineral Resources and Ore Reserves Statement in the form and context in which it appears.

The information in this report is based on information which has been compiled by Mr Stuart Hutchin, MIAG, an employee of Mining One Pty Ltd. The information in this report is based on information which has been compiled by Mr Levan Ludjio MAusIMM(CP) and Mr Mark Van Leuven FAusIMM (CP), employees of Mining One Pty Ltd.

Each of Mr Chalmers, Mr Hutchin, Mr Ludjio and Mr Van Leuven has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code).

Previously reported information

Information prepared and disclosed under the JORC Code has not materially changed since last reported in Company's ASX announcements available to view on the Company's website. The Company is not aware of any new information or data that materially affects the information included in this Annual Report and confirms that the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Forward-looking statements

This document 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", ", "should", "could", "may", "will", "predict", "plan" "forecast", "likely", "future", "project", "opinion", "opportunity", "intend", "target, "propose", "to be", "foresee", "aim", "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. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

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.

A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including known and unknown risks. 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 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.

Forward-looking statements are only predictions and are subject to known and unknown risks, uncertainties, assumptions, and other important factors (many of which are outside the control of the Company) 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. Forward-looking statements, opinions and estimates provided in this Annual Report are based on assumptions and contingencies that are subject to change without notice. There can be no assurance that actual outcomes will not differ materiality from these 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.

Information on likely developments in the Group's business strategies, prospects and operations for future financial years and the expected results that could result in unreasonable prejudice to the Group (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) has not been included below in this report. 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.

Readers should consider the forward-looking statements contained in this Annual Report in light of those risks and disclosures. Neither the 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 Annual Report. Except as required by law or regulation (including the ASX Listing Rules), none of the 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 Annual Report.

Contents

Acknowledgement of Country

In the spirit of reconciliation, Australian Strategic Materials acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea, and community.

We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Specifically, we acknowledge the Traditional Custodians in the areas where we have our offices and operations:

- The Nyoongar Whadjuk people – Perth
- The Wilay Wiradjuri people – Dubbo and Toongi
- The Turrbal and Jagera/Yuggera people - Brisbane

2024 Highlights

FUNDING

Up to
US $600M[1]

Conditional debt funding from the Export-Import Bank of the United States (US EXIM) for the construction phase of the Dubbo Project. *See page 16*

Up to
A $400M

Conditional debt funding from Export Development Canada (EDC) for the construction phase of the Dubbo Project.
See page 16

~A $16.6M

Successful institutional placement and entitlement offer.
See page 62

Rare Earths.
Critical Minerals.
High-tech Metals.

[1] A$923 million (Exchange rate (A$: US$) – 0.65)

DUBBO PROJECT

US $32M[1]

Conditional debt funding from US EXIM's Engineering Multiplier Program to cover >80% of Front-End Engineering Design (FEED) services costs. *See page 15*

Flowsheet Optimisation

Confirmed the flowsheet design capability to produce industry leading high-purity terbium (Tb), dysprosium (Dy) and hafnium (Hf) oxides and identified promising opportunities to reduce capital and operating expenditures. *See page 16*

Option Agreement

Agreement executed with Caspin Resources Ltd to provide ASM with an option to earn up to 75% of the rare earth elements rights in Caspin's Mount Squires Project through staged earn in rights. *See page 18*

KOREAN METALS PLANT

5-year

Binding sales and tolling framework agreement signed with USA Rare Earth for the supply of NdFeB alloy. *See page 23*

3

New potential customers in Korea and the EU sent commercial NdFeB alloy samples, aiding in final technical validation processes. *See page 23*

A $4.6M

Spent on R&D in Korea to support metallisation technology capability improvements and increase ASM's metals and alloys product offering. *See page 24*

ESG

Top 10%

Best performing diversified metals businesses in Morningstar Sustainalytics' ESG Risk Ratings. *See page 34*

Scope 1 & Scope 2

Targets set for the Dubbo Project and Korean Metals Plant. *See page 36*

Carbon Sequestration

Toongi Soil Carbon Project registered as an eligible offset project under the Emissions Reduction Fund. *See page 39*

[1] A$49 million (Exchange rate (A$: US$) – 0.65)

Message from the Chair

Dear Shareholders,

On behalf of the Board of Australian Strategic Materials Ltd (ASM), I am pleased to present the Company's Annual Report for Financial Year 2024 (FY24).

This year we have continued to witness the increasing relevance of the rare earths and critical minerals market and growing momentum to establish alternative, sustainable supply chains. As multiple jurisdictions seek to collaborate on this shared objective, we have seen a number of positive steps. From the implementation of bilateral government policy to the establishment of new funding pathways to support project development, there has been good progress and a demonstration that like-minded jurisdictions recognise that the strengthening of this industry is a strategic necessity in the interests of national security, critical infrastructure applications and the clean energy transition.

Australia has been central to much of this activity. During FY24, the Australian Federal Government announced an extra A$2 billion in funding for its Critical Minerals Facility, and in the May Federal Budget proposed the Critical Minerals Production Tax Incentive – a welcome move that would support a reduction in operating costs and potentially increase the rate of returns for projects once in production. On the international front, Australia was awarded domestic supplier status under the US Defense Production Act, while relationships with South Korea, the European Union (EU), Canada and Vietnam were also strengthened through positive engagement and mutually agreed objectives – with specific focus on critical mineral supply chains.

ASM well positioned

It is fair to say, the critical minerals sector has been firmly in the spotlight and ASM is well positioned to benefit from and support this national and international market momentum.

With the right assets, technical capability and team, ASM's mine to metals strategy offers an end-to-end sustainable supply chain, capable of building a leading position as a global producer of rare earths, critical minerals and high-tech metals.

Our Dubbo Project in regional New South Wales (NSW) is a unique opportunity. While the polymetallic resource will deliver a broad basket of materials, it is the planned refining capability that has the potential to be a gamechanger for NSW and Australia. The ability to take rare earths, zirconium, niobium and hafnium through to separated oxides is highly desirable and will provide a sovereign capability that directly addresses Australia's objective to "extract more value from our resources onshore". The capability ASM has developed presents a further opportunity to position the Dubbo Project as a centralised critical minerals processing hub. This would potentially see the Dubbo Project refining third party material - benefitting our emerging sector and supporting the objectives of Australia's Critical Minerals Strategy.

ASM has achieved this separation and refining capability working alongside Australia's Nuclear Science and Technology Organisation (ANSTO), and I would like to take this opportunity to acknowledge their efforts. Over the past 17 years, the ANSTO partnership has been instrumental in developing and optimising our leading-edge processing capability, and today the Dubbo Project flowsheet is positioned to deliver a suite of products needed throughout the world.

Australia should continue to support and celebrate this increasing knowledge and know-how. Indeed, I would like to highlight the contribution of Dr Karin Soldenhoff, Principal Consultant at ANSTO, and team, for their work on the

From R-L: Ian Gandel, Karin Soldenhoff (ANSTO), Nicholas Earner (ASM non-executive director).

Ian Gandel meeting with Vietnam Prime Minister Pham Minh Chinh in Canberra.

development of novel solvent extraction technologies for the Dubbo Project. During the year, ASM nominated Dr Soldenhoff for the prestigious NSW Women in Mining Awards in the Technological Innovation category for this work, and I was delighted to see her deservedly take the top prize in March.

Dubbo Project funding

The creation of an end-to-end alternative critical minerals supply chain requires government and market support. The Dubbo Project is significantly advanced, construction ready and well placed to help Australia establish itself as a key player in this emerging sector. However, securing the equity to build such capital-intensive projects remains challenging.

While we continued to progress discussions with original equipment manufacturers (OEMs) and build support from the capital markets, we did not advance our offtake and strategic investment opportunities as far as we had anticipated. This slowed progress highlights the immature nature of our sector, with better established pricing mechanisms and supply and demand dynamics key to developing a more transparent, and therefore understandable market.

Despite these challenges, the Dubbo Project and the processing capability ASM is developing is gaining traction internationally, and it was pleasing to see the significant progress ASM achieved in its debt funding strategy during FY24. Receiving conditional letters of interest from the official export credit agencies of the United States and Canada for a combined total of more than A$1 billion gave a strong indication of how ASM continues to successfully position the Dubbo Project on the global stage. It also demonstrates the importance of international collaboration and the need for further government support through funding and investment attraction.

Korean Metals Plant – a critical capability

ASM's vertically integrated strategy highlights how an alternative supply chain can be developed across jurisdictions. While the Dubbo Project will provide a strengthened mid-stream processing capability in Australia, ASM's Korean Metals Plant (KMP) represents a downstream capability that is a rarity outside of China. Indeed, in the case of rare earth elements (REE), China's dominance becomes more pronounced the further down the supply chain you go.

The KMP is a state-of-the-art facility already producing the light rare earth metals and alloys that are the vital ingredients for the high-performance REE permanent magnets that go into so many critical applications, including electric vehicles, wind turbines, defence applications and communications. It is this part of the value chain that truly sets ASM apart and we have seen progress with both our metallisation capability and our customer growth in FY24. I am confident we will see more global customers looking to utilise our capability in FY25.

Advancing our ESG credentials

ASM is developing its assets in Australia and Korea in alignment with clear environmental, social and governance (ESG) objectives. I am proud to say that ASM has continued to deliver great progress in this area during FY24 and this was reflected in ASM's improved ESG Risk Rating from Morningstar Sustainalytics. We will continue to put ESG at the heart of our business and I trust that the comprehensive review of this year's activities in this report demonstrates our ongoing commitment.

Thank you

Throughout FY24 we have continued to see geopolitical activities impact market dynamics across many industries. Overwhelmingly, however, when focusing on rare earths, critical minerals and high-tech metals, I continue to see a growing sector that remains absolutely vital to modern life – helping to solve the challenges we face today and in the future.

ASM has a significant role to play in that solution and our Managing Director and CEO, Rowena Smith, is leading a dedicated team that is committed to delivering on our opportunity. I would like to thank Rowena and the entire ASM team for their efforts, along with all our shareholders for their continued support as we work to build this business.

Ian Gandel
Chair

CEO Review

Dear Shareholders,

Reflecting on Financial Year 2024 (FY24) I am struck by the rapidly evolving environment in which we are developing our rare earths, critical minerals and high-tech metals business. During the year, ASM continued to build its position in this emerging industry, demonstrating the compelling nature of our mine to metals strategy and delivering material progress in the development of our key assets – the Dubbo Project and the Korean Metals Plant (KMP).

Engagement delivers material outcomes

In this changing landscape, the development of national and international government policy has been a driving factor. We have seen the implementation of legislation and mechanisms aimed at facilitating cross jurisdictional commercial partnerships and investment opportunities. Against this backdrop, ASM has continued to execute a comprehensive government, industry and investor engagement strategy to ensure that the strategic significance of the ASM opportunity is at the forefront of our sector.

It was a privilege to be part of the conversations in Washington DC in October, when Prime Minister Anthony Albanese, Minister for Resources Madeleine King and US Secretary of Commerce Gina Raimondo sat down with industry to discuss and reiterate the importance of developing secure, alternative critical mineral supply chains. It was on this visit that the Prime Minister announced an additional A$2 billion of funding for the Australian Critical Minerals Facility. In addition, delegations to the European Union and Korea and prominent involvement in major industry and investment events in Australia, Canada, Vietnam and Japan have all contributed to building ASM's global reputation and progressing our funding strategy.

I am pleased to note that this engagement delivered positive outcomes, proving instrumental in receiving Letters of Interest for conditional debt funding of up to US$600 million from the Export-Import Bank of the United States (US EXIM) and up to A$400 million from Export Development Canada (EDC). Funding from these export credit agencies (ECAs) is linked to potential US and Canadian equipment, goods and services, to be supplied in the execution and construction phase of the Dubbo Project.

Mid-stream sovereign capability

Development of the Dubbo Project – our cornerstone rare earths and critical minerals asset – remains our strategic priority. All permits and approvals are in place, with the project at an advanced stage and construction ready.

With debt funding well progressed, the challenge for this globally significant project remains securing the offtake and equity that will enable us to make final investment decision (FID) on the Dubbo Project. With a capex estimate of ~A$1.7 billion[1] we continue to explore many avenues, including alternative funding pathways and potential capital cost reduction measures.

During the year, we have seen projects in our sector come under increased capital escalation pressure. With that in mind, we have continued to adopt an innovation-led approach that seeks to optimise our flowsheet for the Dubbo Project and identify opportunities with the potential to reduce capex and opex requirements. I am pleased to

[1] ASX Announcement: 7 December 2021, Dubbo Project Optimisation Delivers Strong Financials.

Rowena Smith at the Critical Minerals and Industry Roundtable in Washington DC (October 2023).

note we have made good progress in this regard across multiple products.

In October, we confirmed design capability to produce high-purity terbium and dysprosium at industry leading product quality, while in the last Quarter of FY24 we announced successful testwork on the modified zirconia (Zr) and hafnia (Hf) flowsheet to increase production of high-purity Hf. We also demonstrated an alternative niobium oxide (Nb_2O_5) purification circuit to be included within the base flowsheet as it realises both a capital and operating cost reduction. This work has been done in collaboration with ANSTO and positions ASM well to respond to growing global demand for these products.

As we move into FY25, we are now assessing options that may provide a lower capital and shorter implementation pathway to the production of rare earth elements (RE Options Assessment) and potentially enable a phased approach to construction of the Dubbo Project.

The RE Options Assessment is being undertaken as a precursor to the Front-End Engineering Design (FEED) services work, awarded to US-based Bechtel in March.

Our relationship with Bechtel represents a good example of how cross jurisdictional partnerships can facilitate new funding opportunities. As a result of this relationship, ASM became eligible for funding via US EXIM's Engineering Multiplier Program (EMP) and received another letter of interest for conditional debt funding of up to US$32 million to cover >80% of the FEED contract costs.

With the RE Options Assessment being progressed before FEED work commences, we are working toward FID on the Dubbo Project being made in 2026 and targeting first production in 2028.

Gaining global attention

During FY24, production of neodymium praseodymium (NdPr) metal and neodymium iron boron (NdFeB) strip alloy at the KMP was re-aligned to the adjusted schedules of our established customers and, as such, did not meet anticipated targets for the year. We continue to work closely with these customers to put revised delivery schedules in place for FY25.

Pleasingly, we have made significant progress with a group of new potential customers, and we continue to develop and move them through the product validation process. Throughout FY24, we have been working with numerous global magnet producers – either established or emerging – and by the end of the financial year we had delivered commercial size NdFeB samples to three of those customers. This represents the last step in the validation process before we can move into concluding commercial discussions. I look forward to providing updates on these new partnerships as binding agreements are confirmed.

While we continue the development of the Dubbo Project, we must source the oxide feedstock for this metallisation activity from third parties. I am pleased to say we made positive progress with potential oxide providers in the US, Europe and Australia during FY24 and we will finalise those agreements as we secure our new metals customers. Accessing oxides from these jurisdictions ensures we are capable of maintaining a fully alternative supply chain.

I would like to take this opportunity to recognise the work of our team in Korea and the progress they have made during FY24. We are fully committed to ramping up the KMP from the existing 600 tonnes per annum capacity to its Phase 2 capacity of 3,600 tonnes per annum. As we look to do this in alignment with customer demand, the work the KMP team has delivered – and continues to focus on – positions us incredibly well from a technical and operational perspective. Notably, this has included the support provided to our sales team in the production of commercial NdFeB samples, and the progress of our heavy rare earth metallisation capability – which we anticipate will be ready for commercial production in 2025.

I am very proud of what the team has achieved and the capability we have established in Korea, and I look forward to further progress in FY25.

Health & Safety

The health and safety of everyone who steps foot on our operations is our absolute priority. At the KMP – a fully operational plant with over 70 employees – we are embedding best practice health and safety systems and processes. At the Dubbo Project – where contractors are regularly on site – we are diligent in our onboarding processes and work collaboratively with our partners to keep them safe. At Toongi Pastoral Company (TPC) – our wholly owned subsidiary responsible for maintaining and cultivating the farmland surrounding the Dubbo Project – our team works together to be constantly vigilant to the ongoing hazards and risks associated with a working farm.

Across all sites, I am pleased to confirm that we have maintained an exemplary safety record, with zero Lost-Time Injuries for FY24 and no reportable safety, health or environment events for the year.

Environment, social, governance (ESG)

The work of the team at TPC has been instrumental in our ESG activities during FY24, with a number of initiatives demonstrating the real benefits that our innovative approach to biodiversity and environmental stewardship can bring. A couple of highlights were the confirmation of our Toongi Soil Carbon Project being registered with the Australian Government's Clean Energy Regulator, and our participation in woody biomass crop trials in collaboration with the NSW Government's Department of Primary Industries and Regional Development.

Similarly, we remain focused on our commitments in Korea and, as in FY23, I am pleased to confirm we have delivered on our target of being carbon net zero for Scope 1 and Scope 2 emissions at the KMP in FY24.

This report presents a comprehensive review of our ESG activities and overarching approach to sustainability (see page 30), and it is this level of rigour and transparency that has supported an improved ESG Risk Rating from Morningstar Sustainalytics. I am delighted to report that ASM's Risk Rating reduced from 'High' to 'Medium' during FY24 and we are now firmly positioned in the top 10 per cent of global diversified metals companies.

Looking ahead

As we move into FY25, we have clear objectives that will support the development of our business and future growth.

Funding of the Dubbo Project remains our priority. We will build on the momentum we have established with international ECAs through compelling and targeted engagement – identifying the right partners to deliver on this globally significant opportunity. Our continued commitment to innovation will remain key in both Australia and Korea, as we seek to ensure our range of products – from oxides to alloys – are best placed to meet growing global demand. And we will conduct these critical activities while maintaining rigour and discipline in our financial management.

In closing, I extend my appreciation to all our shareholders, the ASM Board, our employees, and our partners. Together, we are building a company that is shaping the future of critical metals.

Thank you,

Rowena Smith

Rowena Smith
Managing Director & CEO

ASM senior leadership team: Back row L-R, Chris Jordaan (COO), Annaliese Eames (Chief Legal & External Affairs Officer), Agata Carrabs (VP Risk & Corporate Services), Peter Finnimore (VP Sales & Marketing). Front row L-R, Sung-lea Cho (KMP Representative Director), Dr Hong-youl Ryu (KSMT Representative Director), Rowena Smith (MD & CEO), Stephen Motteram (CFO).

Operating and Financial Review

Our Strategy
Critical metals for advanced and clean technologies

Australian Strategic Materials (ASM) is building a global rare earths and critical minerals business to provide the high-tech metals for new growth industries, advanced technologies and sustainable energy solutions.

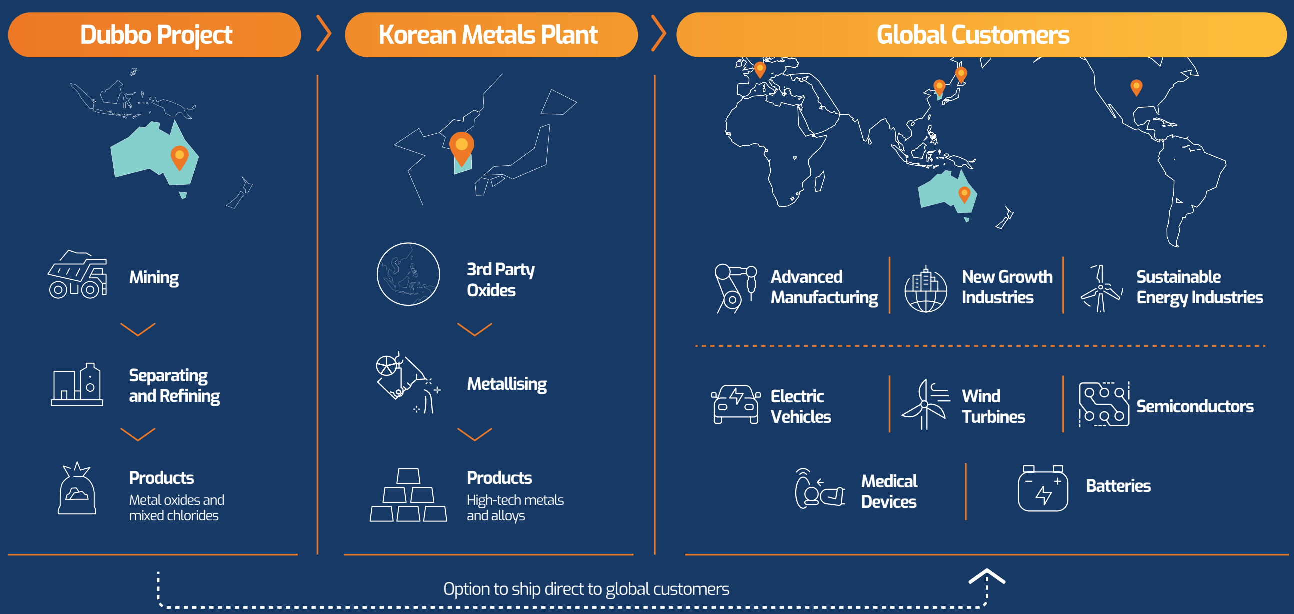
Our 'mine to metals' strategy is to extract, refine and manufacture high-purity metals and alloys, supplying direct to global technology manufacturers by utilising our R&D and patented cutting-edge minerals processing and metals technologies.

From mine…	ASM's Dubbo Project is the Company's cornerstone rare earths and critical minerals mining and processing project. Located in New South Wales, Australia this globally significant resource has a 20-year life of mine based on reserves and potential for a further 50 years[1]. Mined resources from the Dubbo Project will be separated and refined on site to produce a range of metal oxides and mixed chlorides.
To metals…	Products from the Dubbo Project will be processed at ASM's metallisation plants or sold directly to global customers. ASM's flagship metals plant in Ochang, Korea was commissioned in 2022 and is now in production of neodymium metals and alloys, with contracts to supply customers in Korea and the US.

From left to right: the Dubbo Project terrain, metallisation activities at the Korean Metals Plant, neodymium praseodymium metal.

[1] Based on resources and subject to approvals

ASM's mine to metals strategy



FY24 Principal Activities

- Progression of offtake and funding activities.
- Progression of non-process infrastructure and early establishment work at the Dubbo Project.
- Optimisation of the Dubbo Project flowsheet to reduced capex and opex expenditure.
- NdPr metal and NdFeB alloy production at the KMP and customer and product development.

FY25 Strategic Focus Areas

- Progressing our offtake and funding activities and advancing towards FID of the Dubbo Project.
- Exploring lower capital and shorter implementation pathways to RE production at the Dubbo Project.
- Continuing to ramp up the KMP and innovate in our metallisation technologies.
- Cash management discipline across the business.
- Maintaining our commitment to ESG principles and sustainable operations.

See page 48 for ASM's material strategic business risks and management's response.

Our Values

We're building a global business that has the opportunity to make a positive and lasting difference to the world we all live in. ASM's core values create a foundation for how we interact with each other, our customers, suppliers, investors, government and the communities we serve.

Care **Integrity** **Excellence** **Team**

Dubbo Project

The Dubbo Project is the cornerstone of ASM's vertically integrated business, providing a long-term, sustainable source of rare earths and critical minerals.

Located in New South Wales, Australia this globally significant resource of neodymium, praseodymium, dysprosium, terbium, zirconium, niobium and hafnium has a 20-year life of mine based on reserves and potential for a further 50 years based on resources and subject to approvals.

During Financial Year 2024 (FY24), ASM delivered on strategic objectives in relation to:

- Non-process infrastructure
- Project funding and offtake agreements
- Flowsheet optimisation
- Partnerships and collaboration
- ESG credentials

Key Facts

The Dubbo Project's mid-stream separation, refining and production facility will be the first of its type on the East Coast of Australia, building sovereign capability in critical minerals processing, and extracting more value from Australia's resources onshore.

Strong financials[1]

- 23.5% pre-tax IRR
- A$425 million annual free cash flow
- A$1,678 million capital cost estimate including contingency

Construction ready

- All major approvals in place
- Land and water licences owned

Process flowsheet

- Developed in partnership with ANSTO over 17 years

Close to established infrastructure

- 25kms from Dubbo, NSW, Australia
- 400kms northwest of Sydney

Workforce opportunities

- Up to 1,000 local jobs during the construction period
- Approximately 270 local jobs when operational

Greenhouse gas emissions

- Scope 1 – targeting 40% reduction by 2030[2], and carbon net zero by 2050
- Scope 2 – targeting carbon net zero by 2030

Renewable energy

- Located in the Central West Orana Renewable Energy Zone

[1] See ASX announcement, 7 December 2021: Dubbo Project Delivers Strong Financials

[2] From the baseline predicted CO_2 emissions published in the Dubbo Project Modification Report 1 – State Significant Development 5251 dated March 2022

ASM continued to progress development of the Dubbo Project during FY24, delivering on funding and operational objectives, and enhancing its position as a future leader in critical minerals production.

Non-process infrastructure

During FY24, ASM has built a strategic partnership with US-based Bechtel Engineering (Bechtel), one of the world's leading engineering and construction companies with extensive experience in the mining and metals sector.

The partnership commenced in August 2023, with the award of a consultancy services agreement to Bechtel for the provision of engineering services for non-process infrastructure (NPI) study work to support advancing the Dubbo Project. The NPI study work advanced the engineering maturity of the NPI design in key areas outside of the process plant, including:

- Residue storage and handling facilities;
- Site water management;
- Utility design and supply; and
- Site establishment planning.

The NPI contract is estimated to be A$6.5 million and was partly funded by the Critical Minerals Development Program grant, awarded to ASM from the Australian Government[1].

Subsequently, ASM awarded a contract to Bechtel to conduct Front-End Engineering Design (FEED) services[2]. This contract will see Bechtel progress design of both the process plant and NPI facilities at the Dubbo Project to support ASM moving towards final investment decision (FID) and commencing the execution and construction phase.

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

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

Partnering with Bechtel on the FEED services contract makes the Dubbo Project eligible for potential funding via the Engineering Multiplier Program (EMP), a program facilitated by the Export-Import Bank of the United States (US EXIM), the official export credit agency (ECA) of the US. Following an application for funding, and in collaboration with Bechtel, ASM received a non-binding Letter of Interest (LoI) to provide funding via the EMP for up to US$32 million (A$49 million[3]), >80% of the contract costs. The funding is subject to further due diligence and US EXIM Board approval.

FEED services work is anticipated to commence following the completion of ASM's Rare Earth Options Assessment, currently underway (see Flowsheet optimisation below).

Other major developments at the Dubbo Project during FY24, included:

- Stantec completed the Phase 1 solid residue storage facility review work and commenced the FEED design phase. This next phase includes planning and management of the site geotechnical program related to the tailings dam design.
- Commencement of site geotechnical investigations. These investigations, which include sample drilling, testing and reporting by Macquarie Geotechnical, will support future project engineering activities. The investigations are anticipated to be completed during the second half of 2024.

The Macquarie Geotechnical team on site at the Dubbo Project.

[1] See ASX announcement, 18 May 2023: ASM awarded $6.5 million Federal Government grant for Dubbo Project
[2] See ASX announcement, 25 March 2024: Bechtel contract to support ASM with engineering at the Dubbo Project
[3] Exchange rate (A$: US$) – 0.65

Project funding and offtake agreements

During FY24, ASM made significant progress on its overarching funding strategy for the Dubbo Project. ASM's decision to broaden its geographical search for potential funding partners was rewarded with the announcements of indicative support for major debt funding packages from US EXIM and EDC – the official ECAs of the US and Canada.

In March, ASM announced receipt of a non-binding and conditional LoI from US EXIM to provide debt financing of up to US$600 million (A$923 million[1]) for the execution and construction phase of the Dubbo Project[2]. US EXIM's support is linked to the potential US content (equipment, goods and services) to be supplied during this phase of the project.

In April, ASM's debt funding position was further strengthened with the announcement of a non-binding LoI from EDC, offering a direct lending package of up to A$400 million for Canadian equipment, goods and services also used in the execution and construction phase of the project[3].

These two material announcements are in addition to the conditional finance support from Export Finance Australia for A$200 million, confirmed in June 2021[4].

Financial backing from major ECAs across these three countries underscores the global significance of the Dubbo Project and ASM's strategic role in developing alternative critical mineral supply chains for international customers and partners (see Partnership and collaboration opportunities below).

Offtake discussions with OEMs and Tier 1 suppliers for ASM's entire portfolio of products from the Dubbo Project were progressed during FY24 and supported by the technical validation of ASM's metallisation capability at the Korean Metals Plant. These commercial discussions are part of competitive processes and extended beyond ASM's initially anticipated timeline during the financial year.

Flowsheet optimisation

In collaboration with ANSTO, ASM continues to optimise the Dubbo Project flowsheet to enhance production efficiencies and reduce capital and operating costs. With a unique ore body and broad product suite, ASM delivered successful results on a number of different product circuits during FY24. Through this ongoing work, ASM continues to identify opportunities that strengthen the economics of the Dubbo Project and position ASM well to respond to growing global demand for these products.

Rowena Smith (far left) participating on a discussion panel at US EXIM's Annual Conference in Washington DC (June 2024).

[1] Exchange rate (A$: US$) – 0.65

[2] See ASX announcement, 21 March 2024: ASM receives US$600M Letter of Interest from US EXIM for Dubbo Project

[3] See ASX announcement, 26 April 2024: Growing North American support builds momentum for Dubbo Project funding process

[4] See ASX announcement, 28 June 2021: Export Finance Australia issues letter of support for the Dubbo Project

In October 2023, ASM announced positive results from its terbium (Tb) and dysprosium (Dy) heavy rare earth separation testwork. The pilot plant utilised synthetic samples created from commercially purchased third party rare earth powders which replicated the product expected from the Dubbo Project at that stage in the separation process. The purpose of the testing was to confirm the design capability of the Dubbo Project's advanced process flowsheet to produce high purity Tb and Dy oxides at industry leading product quality. The pilot plant work demonstrated that the process can achieve Tb and Dy oxide purity of >99.99% and >99.95% respectively.

The breadth of the Dubbo Project's unique product offering was further highlighted by successful testwork conducted on the zirconium (Zr), hafnium (Hf) and niobium (Nb) flowsheets during the year.

Pilot-scale tests at ANSTO yielded successful results on the simplified Zr/Hf flowsheet, demonstrating the ability to produce high-purity hafnium oxide (HfO_2) with very low levels of Zr, and a reduction to both capital and operating costs, at increased production levels of HfO_2. This achievement is particularly significant given the growing demand for high-purity hafnia in cutting-edge industries such as defence, aerospace, advanced electronics, and semiconductor manufacturing.

Furthermore, ASM has made substantial progress in optimising its niobium oxide (Nb_2O_5) purification circuit. The economic evaluation of this alternative circuit has determined that it realises both capital and operating cost reductions when integrated into the Dubbo Project's base flowsheet.

In the second half of FY24, ASM explored alternative pathways for rare earth production (RE Options Assessment), focusing on identifying lower capital and shorter implementation methods to extract rare earth elements from the Dubbo Project. ASM will continue the RE Options Assessment during FY25, as a precursor to the FEED services work and undertaking an updated feasibility study on the construction and operation of the Dubbo Project.

ASM's Rare Earth Options Assessment work has included sampling at the Dubbo Project.

Rowena Smith (centre left) at the Critical Minerals and Industry Roundtable in Washington DC (October 2023).

Partnerships and collaboration

ASM is committed to executing its mine to metals strategy and developing end-to-end, alternative global supply chains by working in partnership. This approach is aligned to the objectives identified in Australia's Critical Minerals Strategy 2023-2030 and is benefitting from significant government policy alignment witnessed between Australia and other like-minded nations over the past 24 months.

A rich endowment and world leading capability in the extraction and processing of raw materials positions Australia at the forefront of the evolving critical minerals industry – with ASM's Dubbo Project representing a globally significant asset within this sector. As a result, the Dubbo Project continues to gain the attention of potential international investors and partners.

Notably in FY24, ASM has seen increased interest from parties in North America.

Relations between Australia and the US have been enhanced under the Climate, Critical Minerals and Clean Energy Transformation Compact and the ministerial-level Australia-United States Taskforce on Critical Minerals. In addition, in March 2024 Australia and Canada released a joint statement setting out shared priorities on critical minerals, including the importance of robust environmental, social and governance credentials.

These improved channels have increased understanding and dialogue and identified new pathways for collaboration and investment between government and industry. ASM has witnessed the benefit of these enhanced relationships, leveraging the additional support to progress opportunities, including the conditional debt funding support provided by the official ECAs of the US and Canada (see Project funding and offtake agreements).

The Dubbo Project's mid-stream separation and refining facility will be only the second of its kind in Australia and the first on the East Coast of the country. The capability being developed will be industry-leading and strategic at an international level, and has the potential to support NSW's objective to become a major global supplier and processor of critical minerals.

In April, ASM announced an Option Agreement with Caspin Resources Ltd (Caspin) , to provide ASM with an option to earn up to 75 per cent of the rare earth element rights at its Mount Squires Project within the West Musgrave region of Western Australia through staged earn in rights. The Agreement aligns with ASM's mine to metals strategy to identify additional rare earth sources to supplement the Dubbo Project. The companies are currently working together to confirm metallurgical testing to understand whether the rare earths from Mount Squires could be converted to a concentrate form and then be processed through the Dubbo Project separation and refining facility to create high-purity rare earth oxides. This type of partnership has the potential to develop and position the Dubbo Project as a rare earth separation and refining hub, with the ability to unlock value for rare earth projects across Australia.

In addition to activities in the US and Canada, there has been significant international collaboration in a number of jurisdictions. Key areas of relevance for ASM are outlined below:

European Union (EU)

European Critical Raw Materials Act and memorandum of understanding (MoU) between the EU and Australia.

Enhanced collaboration to build secure, stable, ethical and sustainable critical and strategic minerals supply chains.

Korea

Supply Chain Stabilization Fund

Helping businesses seeking to diversify imports, develop alternative technologies, and secure raw materials from overseas.

Japan

Critical Minerals Partnership

Continues to establish a framework for building secure critical minerals supply chains between Australia and Japan, and promote opportunities for information sharing and collaboration, including research, investment and commercial arrangements between Japan and Australian projects.

Vietnam

Comprehensive Strategic Partnership

Expanded cooperation on climate, environment and energy, and digital transformation and innovation, building on established collaboration across defence and security, economic engagement and education.

ESG credentials

ASM's approach to environment, social and governance (ESG) to date has built a strong baseline for responsible practices for long-term sustainability and ethical considerations. Mining, separation and refining facilities will be co-located at the Dubbo Project and ASM acknowledges the potential environmental and social impacts associated with these operations. ASM is committed to actively managing and mitigating these impacts and, during FY24, continued to demonstrate this commitment through ongoing engagement, collaboration and initiatives.

Specific ESG projects undertaken at the Dubbo Project during FY24, include:

- Release of ASM's greenhouse gas emissions reduction targets.
- Registration of the Toongi Soil Carbon Project with the Clean Energy Regulator.
- Commencement of a woody biomass trial, conducted in partnership with the New South Wales Department of Primary Industries.
- Completion of ASM annual vegetation and Pink-tailed Worm-Lizard survey.
- Continuation of the Macquarie Agricultural Pathways Program, in collaboration with the Macquarie Anglican Grammar School.

More information on these initiatives and others can be found from page 30 of this report.

Outlook

With material debt funding progress made in FY24, ASM continues to make positive steps towards taking FID. International support via US EXIM and EDC demonstrates the project's significance on a global scale, with the mid-stream refining capability a key component of the compelling nature of the Dubbo Project and relevant to Australia's strategic objectives.

Importantly, the RE Options Assessment work being conducted at the Dubbo Project will continue in FY25 as ASM explores a lower capital and shorter implementation pathway to rare earths production, and the potential to develop the Dubbo Project in a staged approach. ASM has applied to the Federal Government's International Partnerships in Critical Minerals (IPCM) Program to contribute funding towards this work.

Core samples taken as part of the Dubbo Project site Geotechnical program.

Rowena Smith (far right) at a Critical Minerals roundtable event in Toronto Canada (March 2023).

Resources and Reserves

Mineral Resources

Resource Category	Tonnes (Mt)	ZrO_2 (%)	HfO_2 (%)	Nb_2O_5 (%)	Ta_2O_5 (%)	Y_2O_3 (%)	TREO* (%)
Measured	42.81	1.89	0.04	0.45	0.03	0.14	0.74
Inferred	32.37	1.90	0.04	0.44	0.03	0.14	0.74
Total	**75.18**	**1.89**	**0.04**	**0.44**	**0.03**	**0.14**	**0.74**

** TREO is the sum of all rare earth oxides excluding ZrO_2, HfO_2, Nb_2O_5, Ta_2O_5 and Y_2O_3*

Ore Reserves

Resource Category	Tonnes (Mt)	ZrO_2 (%)	HfO_2 (%)	Nb_2O_5 (%)	Ta_2O_5 (%)	Y_2O_3 (%)	TREO* (%)
Proved	18.90	1.85	0.040	0.44	0.029	0.136	0.735
Total	**18.90**	**1.85**	**0.040**	**0.44**	**0.029**	**0.136**	**0.735**

** TREO is the sum of all rare earth oxides excluding ZrO_2, HfO_2, Nb_2O_5, Ta_2O_5 and Y_2O_3*

Note:

As at 30 June 2024, the Mineral Resources and Ore Reserves for the Toongi deposit, which is the basis of the Dubbo Project, are the same as those stated in Company's Optimisation Study dated 7 December 2021.

These estimates were provided by independent industry consultants Mining One Pty Ltd and are reported by ASM in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012). Mineral Resources are wholly inclusive of Ore Reserves, which are based on economic parameters applied to the Mineral Resources, reflecting an initial project horizon of 20 years.

Governance and internal controls

ASM has governance arrangements and internal controls concerning its estimates of Mineral Resources and Ore Reserves for the Dubbo Project, including:

- Oversight and approval of each annual statement by a competent person.
- Establishment of internal procedures and controls to meet JORC 2012 compliance in all external reporting.
- Independent review of new and materially changed estimates.
- Annual reconciliation with internal planning to validate reserve estimates.
- Board approval of new and materially changed estimates.

Korean Metals Plant

Located in the Ochang Foreign Investment Zone, 115 kms south of Seoul, the Korean Metals Plant (KMP) opened in May 2022.

Since then, ASM has successfully commissioned the plant's neodymium praseodymium (NdPr) metal and neodymium iron boron (NdFeB) strip alloy production lines and is supplying product to an international customer portfolio.

Rare earth oxide feed into the KMP is currently sourced from third parties, and ASM continues to explore alternative feedstock options to provide further security of supply. These sources will be supplemented by feed from the Dubbo Project once the project becomes operational.

During FY24, the Company delivered on strategic objectives in relation to:

- Production and customer ramp-up
- Enhanced metallisation capability
- Partnerships and collaboration
- ESG compliance and initiatives

Key Facts

ASM's rare earths and critical minerals metallisation capability in Korea is one of the few facilities outside of China capable of producing the metals and alloys needed for clean energies, electric vehicles, aerospace and defence applications, electronics and communications.

Accreditations

- ISO 14001:2015
- ISO 9001:2015
- ISO 45001:2018
- IATF16949

Products

Initial focus on:

- NdPr metal
- NdFeB strip alloy

Scope 1 & 2 emissions

- Carbon net zero in Scope 1 and Scope 2 emissions since commencement of operations

Capacity for expansion

- 20,000m[2] facility
- Current production capacity of 600tpa of alloy

Future growth

- Phase 2 expansion to 3,600tpa of alloy[1]
- Opportunity to duplicate metallisation capability in other jurisdictions

[1] *Aligned to customer demand*

ASM continued to progress ramp-up of the KMP in FY24 with the objective of establishing the facility as a globally recognised source of critical metals and alloys. ASM is ultimately targeting the production of light and heavy rare earth metals and alloys, titanium alloys, zirconium metal, and hafnium metal. While the facility continues to grow, the KMP's immediate focus is on the production of NdPr metal and NdFeB strip alloy, supplying to customers in the rare earth permanent magnet industry.

Production and customer ramp-up

The KMP has three international metal and alloy customers and throughout FY24 worked with a growing number of potential customers on product qualification processes with the aim of increasing that customer base.

NdPr metal

The KMP delivered NdPr metal to its inaugural Korea-based customer to specification and schedule in the first half of FY24. Production was paused in the second half to align with the customer's stock requirements and during such pause ASM undertook production line enhancements targeting operational efficiencies and increased production capability. During the second half of FY24, ASM worked with this customer to develop a delivery schedule of metal that would meet the customer's production requirements. Deliveries are anticipated to recommence in the remainder of calendar year 2024 and a further contract has been entered into for supply of NdPr metal until 28 February 2025.

NdFeB strip alloy

During FY24, ASM worked with its US-based customer Noveon Magnetics Inc. to progress the technical validation for the supply of 100 tonnes of NdFeB strip alloy, announced in May 2023. Discussions continue with Noveon to agree a delivery schedule that aligns with their production needs.

In August 2023, ASM announced a long-term alloy sales agreement with USA Rare Earth LLC (USARE) – the third confirmed customer for the KMP. The five-year binding sales and tolling framework will see the KMP supply NdFeB strip alloy in support of USARE's magnet production facility in Stillwater, Oklahoma. As USARE progresses the commissioning process of its Stillwater facility, ASM anticipates that initial supply will commence in Q1 2025, aligned to USARE's commissioning and ramp-up timeline.

The addition of a second US-based alloy customer highlights a growing opportunity for ASM and the KMP across North America. As the rare earth magnet industry continues to emerge in the region, the KMP's location, sustainable supply chain and growing metallisation capability represents a compelling strategic proposition.

Similarly, companies in other jurisdictions are also seeking to collaborate with the KMP.

During FY24, ASM engaged in technical validation processes and commercial discussions for the supply of NdFeB strip alloy with numerous global magnet manufacturers across the US, Korea and the EU. These processes have been supported by the ongoing exchange of commercial samples, notably, a 465kg sample to an EU-based customer and samples of 500kg and 100kg to two Korea-based customers. These processes will continue into FY25 and, pending successful testing outcomes, ASM expects to enter into commercial discussions for additional long-term sales agreements.

Current nameplate production for NdFeB alloy at the KMP is 600 tonnes per annum (tpa), sufficient to meet ASM's existing binding sales agreements. As additional sales agreements are secured, ASM will consider the Phase 2 expansion to increase capacity to 3,600tpa, aligned with customer demand.

Employees at the KMP celebrate the delivery of a NdFeB strip alloy commercial sample to a potential new customer.

An example of the NdFeB strip alloy produced at the KMP.

Enhanced metallisation capability

ASM is enhancing its metallisation capability at the KMP to meet the growing demand for high-tech metals and alloys across a number of industries. Establishing NdPr and NdFeB production capability at the KMP first has enabled ASM to position itself at the forefront of an alternative rare earth supply chain, capable of supplying a growing number of permanent magnet manufacturers outside China. During FY24, ASM undertook enhancements on its NdPr and NdFeB production lines critical to the further expansion of the KMP and leveraged operational learnings from the first 18-months of production. Beyond light rare earth metals and alloys (NdPr and NdFeB), ASM is committed to developing its capability across a broad range of products.

Positive results from heavy rare earth separation testwork, announced in October, confirmed the design capability of the Dubbo Project's process flowsheet to produce high-purity terbium (Tb) and dysprosium (Dy) oxides at industry leading quality. In parallel, the KMP continued to develop its Tb and Dy metallisation capability. Equipment upgrades have been undertaken and larger scale trials will take place in 2024, with the program focussed on preparing the facility for commercial production of heavy rare earth metals in 2025.

The KMP has also progressed the development of its copper titanium (CuTi) metallisation capability, utilising ASM's proprietary LK Process. CuTi alloy samples were produced using custom moulds for a Korea-based customer during the year, and technical trials will continue in FY25. In support of the CuTi work, the KMP completed enhancements to production equipment and installed and commenced commissioning of a titanium (Ti) electro refiner for the production of high-purity Ti powders.

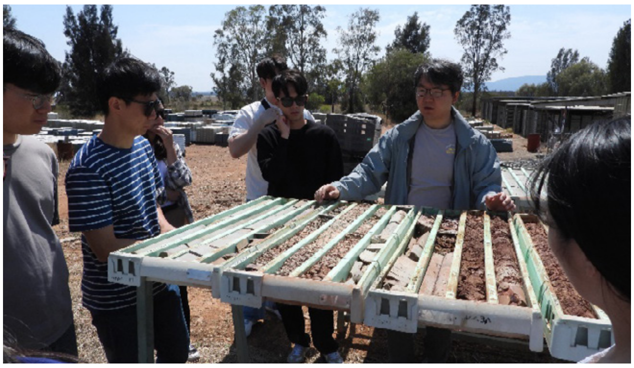
Partnerships and collaboration

NdPr and NdFeB metallisation and product qualification processes at the KMP require close collaboration with customers. Each customer will have individual product requirements, depending on the type of permanent magnet they are producing. As such, the qualification process to achieve the correct metal/alloy specifications can be a lengthy process. This process is commonly supported by site visits to the KMP and during FY24 the facility hosted a number of customer teams as technical work progressed.

In addition to customer collaboration, ASM is building international partnerships with parties to develop a diverse supply of rare earth oxides into the KMP and ensure security of supply while the Dubbo Project is in development. During FY24, ASM advanced discussions with potential suppliers based in the US, Europe and Australia, and entered into quality assessment processes. These assessments will continue in 2024.

In the interim, the KMP has sufficient inventory to meet production and contracted delivery requirements for the remainder of 2024.

The KMP also continues to build positive government support at all levels. During FY24, the KMP welcomed visits from: Korea's Minister for Trade, Mr Inkyo Cheong, and a delegation from the Ministry of Trade, Industry and Energy (MOTIE); Australia's Ambassador to Korea, His Excellency Jeffery Robinson; and a delegation from Dubbo Regional Council. Such visits have continued to promote the KMP's capabilities and ASM's broader mine to metals strategy.



Dr Ryu, Representative Director of the Korean Strategic Metals Technology Company, leads his team on a visit to the Dubbo Project.

Mr Cho, Representative Director of Korean Strategic Materials Metals (left) hosts Korea's Minister for Trade Mr Inkyo Cheong at the KMP.

ESG compliance and initiatives

The KMP continued to build on its foundational ESG progress during FY24. Systems, processes and procedures established in its first year of operation have been reinforced and embedded, while new initiatives and opportunities seek to drive improvements across the operation and enhance engagement across all stakeholder groups.

Notably, during FY24, the KMP:

- Achieved a zero Lost Time Injury Frequency Rate.
- Successfully completed the renewal assessments for ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems), and ISO 45001 (Occupational Health & Safety Management).
- Completed a fire safety training program (all employees).
- Established the Safety and Health Consultative Committee.
- Secured IATF16949 certification (Quality Management System – a pre-requisite as a supplier to the automotive industry).

More information on these initiatives and others can be found from page 30 of this report.

Outlook

The KMP continues to build its position as an emerging global critical metals producer. While this capability is currently dominated by a single jurisdiction – China – demand for these materials is growing and the case for a more diverse, transparent supply chain continues to build momentum. With a growing customer portfolio, enhanced metallisation capability and increasing international recognition, the KMP is well positioned to benefit from this evolving industry.

As a developed nation leading the way in advanced technologies and manufacturing sectors, Korea remains a strategic location for ASM, and the Company is committed to building its position in the country. Ongoing customer discussions will remain a key focus for the Company in FY25 and ASM will fully leverage the strategic relationships, technical know-how, infrastructure and workforce it has developed in Korea to support this endeavour.

In FY25, the KMP will continue technical validation processes and commercial discussions for the supply of NdFeB strip alloy with multiple global magnet manufacturers. In addition, it will continue to progress the development of new metal products.

ASM COO Chris Jordaan on site at the KMP, participating in a safety walk through.

Review of financial position

As outlined in the Operating Review on pages 11 to 25, ASM's key business objectives focused on the development of the Dubbo Project, ramp-up of the Korean Metals Plant, and progressing funding and offtake agreement activities.

During the year ended 30 June 2024 (FY24), the Group's overall loss decreased by 4%. This was principally driven by increased interest income on cash reserves, lower share-based payments, and a lower Korean inventory net-realisable-value write-down expense of $5,804,000 (2023: $7,490,000).

	30 June 2024	30 June 2023	Movement	
	$'000	$'000	$'000	%
Sales revenue	3,106	4,441	(1,335)	(30)
Cost of sales	(2,497)	(4,268)	1,771	(41)
Gross profit	609	173	436	252
Net loss before tax	(25,147)	(28,701)	3,554	(12)
Net loss after tax	(25,175)	(26,303)	1,128	(4)

The Group's net assets decreased by 5%, principally due to operating expenses, inventory costs of goods sold, Korean inventory write-down expense, and depreciation and amortisation. This decrease was offset by continuing investment in Dubbo Project flowsheet enhancements, Non-Process Infrastructure studies, engineering design, and early establishment activities.

	30 June 2024	30 June 2023	Movement	
	$'000	$'000	$'000	%
Cash	47,602	56,655	(9,053)	(16)
Net assets	204,594	215,962	(11,368)	(5)
Issued capital	281,462	268,316	13,146	5

Cash and Cashflows

Net operating cash outflows decreased by 54%, principally due to lower raw material inventory purchases and increased bank interest on cash reserves. Net investing cash outflows decreased by 4%, principally due to increased Research and Development (R&D) incentives offsetting Dubbo Project exploration and evaluation activities and Korean property, plant, and equipment investments. Financing cash inflows decreased by 63%, reflecting lower capital-raising inflows net of interest payments during the year ended 30 June 2024.

	30 June 2024	30 June 2023	Movement	
	$'000	$'000	$'000	%
Net operating cash outflows	(15,622)	(34,305)	18,683	(54)
Net investing cash outflows	(7,692)	(7,977)	285	(4)
Net financing cash inflows	14,345	39,061	(24,716)	(63)
Net cash flows	(8,969)	(3,221)	(5,748)	178
Closing cash	47,602	56,655	(9,053)	(16)

Going Concern

Based on the Group's cash flow forecast, the Group will require additional funding to enable the Group to continue to realise its strategic business activities and meet all associated corporate, production, evaluation and development commitments over the period.

As a result of the above, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied that there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The Directors have based this determination on the demonstrated ability of the Group to raise capital, the intention to raise new capital and their assessment of the probability of progressing project financing.

The attached financial report for the year ended 30 June 2024 contains an independent auditor's report which highlights the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

For further information, refer to note 1 of the financial statements (see page 84), together with the auditor's report (see page 120).

Metals furnaces at the Korean Metals Plant.

Market outlook

Inventories built in a number of key supply chains have taken longer than expected to clear due to rising consumer prices in major western economies and continuing weakness in the construction sector in China. This has weighed on upstream demand for many critical minerals. Nevertheless, evolving government policies have laid a solid foundation for when the business cycle turns. In the past 12 months the passing of the 2024 *US National Defense Authorization Act*, the signing into law of the EU's *Critical Raw Materials Act* and the establishment of an MOU between the EU bloc and Australia towards building secure, sustainable critical minerals value chains have all been positive developments for owners of domestically located projects. Furthermore, the elevation of ties between Australia and Vietnam to the level of a comprehensive strategic partnership, facilitating expanded cooperation in critical minerals, is an encouraging development.

Dubbo Project

Prices for rare earth oxides have continued to erode over the last year due to a mismatch between supply and demand created by rising mining and refining quotas in China, together with weak consumer confidence in major end use markets. The latter has particularly weighed on the important consumer electronics sector, which is still the largest source of end use consumption for permanent magnets. Nevertheless, there has been ongoing positivity in the key segments for emerging demand, with a record 117 gigawatts (GW)[1] of new wind power capacity installed in 2023, while electric vehicle (EV) sales in the first half of 2024 have also set a record at seven million[2] units, despite some weakness in European and Japanese markets.

Niobium and hafnium markets have been buoyed by the continued development of new applications in EV batteries and semiconductors respectively, while prices for zirconia have risen over the last six months as the ceramics industry reacted positively to measures from the Chinese government to support the country's property sector.

Korean Metals Plant

Prices for NdFeB alloys have followed those for oxides lower as inventories appear to have accumulated in the supply chain. This is due to increased throughput from mining (and refining) in China, a consequence of the Ministry of Industry and Information Technology (MIIT) lifting allowances by 21% year-on-year in 2023 and by 13% for the first half of 2024. In addition, the build out of new plant capacities in China designed to meet strong EV demand growth in coming years has enabled overproduction in the near term, as manufacturers chase absolute revenues to boost profitability despite declining margins.

Nevertheless, prospects for the medium term remain strong with a consensus among the industry consultancies that market deficits in magnetic rare earths will emerge from the middle of the decade. Moreover, the introduction of legislation in the US and the EU to encourage the sourcing of critical raw materials from like-minded countries will further enhance the attractiveness of metallisation and alloy-making capacity that is independent of China.

Outlook

Burgeoning growth in key markets off a higher base will continue to boost the requirement for permanent magnets and in turn rare earth oxides, metals and NdFeB alloys. While the news cycle has focused on nearby weakness in some European markets, it should be noted that in April the International Energy Agency (IEA) once again upgraded its medium term forecast for EV sales, which now stands at 45 million vehicles in 2030[3] a rise of five million units. Similarly, the Global Wind Energy Council has upgraded its expectations for new wind power installations in 2027 to 171 GW[4], from 157 GW a year ago.

[1] GWEC, Global Wind Report 2024, p.10

[2] https://rhomotion.com/news/ev-sales-h1-2024-europe-slowest-growing-region/

[3] https://www.iea.org/reports/global-ev-outlook-2024/outlook-for-electric-mobility

[4] GWEC, Global Wind Report 2024, p.151

Sustainability

Sustainability and our approach to Environmental, Social and Governance (ESG) activities are core to ASM's strategy. ASM has been laying strong foundations and setting up a health, safety and environmental management system that identifies, assesses, and manages sustainability risks, as well as leveraging sustainability opportunities.

By adopting the appropriate frameworks and standards from the outset and progressively establishing the systems and processes required to meet them, ASM is firmly setting up for sustainable success in the future. As a global business, ASM expects to be benchmarked and held to account against the highest international standards – understanding the importance of demonstrating a responsible and transparent supply chain for customers.

ASM recognises the pace of emerging sustainability reporting standards, as global standards for the financial impacts of ESG risk (International Sustainability Standards Board (ISSB) IFRS S1 & S2) and mandatory sustainability-related financial reporting in Australia are introduced. ASM is actively working on preparing to report in alignment with these requirements.

In the next phase of our development, we will prepare for independent external assurance activities, focusing on Towards Sustainable Mining (TSM) assessments and the Initiative for Responsible Mining Assurance (IRMA), (see page 47).

ASM acknowledges the potential environmental impacts associated with its operations and is committed to actively managing, minimising and controlling these risks, including greenhouse gas emissions. This commitment is exemplified through the development of a roadmap to achieve net zero carbon emissions by 2050 and ASM is considering ongoing advancements in technology throughout its operations to continuously improve its carbon footprint and sustainability efforts.

ASM consider all these developments and requirements in its planning and implementation of ESG related policies and procedures.

Towards carbon net zero – our ESG journey

2023 achievements

- KMP Scope 1 & Scope 2 carbon net zero
- Scope 1 & Scope 2 GHG inventory
- 1st Annual Report with GHG reporting
- ISO 45001 OH&S accreditation

2024 achievements

- KMP Scope 1 & Scope 2 carbon net zero *see page 40*
- Improved Sustainalytics Public Assessment *see page 34*
- Toongi Soil Carbon Project registration approved *see page 39*
- Submission of UN Global Compact report *see page 46*

2021
- Set 2050 carbon net zero target

2022
- Joined UN Global Compact
- Joined Diversity Council of Australia

2023
- Set 2030 Scope 1 & Scope 2 targets

2024
- Develop climate risks scenarios *see page 35*
- Develop Towards Sustainable Mining (TSM) compliance pathway
- Commence TSM Standard self-assessments
- Develop 2040 Scope 1 target

2025
- Target Scope 1 & Scope 2 reporting
- Target external assurance of GHG emission reporting

2027
- Target TSM Standard compliance

2030
- Target Dubbo Project Scope 2 carbon net zero Scope 1 40% reduction
- Target compliance of Initiative for Responsible Mining Assurance (IRMA) Standard

2050
- Target Dubbo Project Scope 1 carbon net zero

Environment

Dubbo Project

Environmental Impact Statement

ASM's Environmental Impact Statement (EIS) promotes the reduction of risk to the local environment through the design and implementation of a range of environmental controls and safeguards, as well as substantial positive impacts on economic activity within the local and wider area of regional NSW. ASM's full EIS is available via the ASM website[1].

ASM has quantified the biophysical impacts of the Dubbo Project and associated activities, which comply with the nominated criteria and accepted environmental standards. With implementation of the proposed operational controls, safeguards and mitigation measures, the residual environmental risks have been reduced from original proposed levels.

Environmental Monitoring

An environmental monitoring system was installed on Wychitella, the nearest sensitive receptor to the Dubbo Project, in March 2022. The system previously provided a full year of meteorological and air quality data up to 30 December 2023. This data will be used to determine the baseline air quality and meteorology parameters at the location and will be added to the nearly 20 years of environmental data collected around the project site. The air quality standards and goals for pollutants monitored at ASM's Wychitella monitoring site are based on the Australian National Environmental Protection (Ambient Air Quality) Measure (NEPM). All averages are calculated from five minute or one hour data as appropriate.

The 2024 Air Quality and Greenhouse Gas (GHG) Management Plan update is currently in progress and is required for submission to the NSW Government Development Consent Annual Report. The plan has been prepared to be a practical tool for the management of air quality and GHG risks and impacts during the construction and operation of the Dubbo Project and to be used by ASM personnel as the first point of reference for air quality related issues.

The results of surface and groundwater monitoring are compiled in the Dubbo Project Annual Review and Rehabilitation Report, along with ecological data collected from analogue vegetation monitoring sites and the biodiversity offsets. To ensure comprehensive monitoring, monitoring equipment continues to be installed on site prior to the commencement of construction.

Biodiversity

ASM is currently working towards its ambition of employing a nature-positive approach on biodiversity.

ASM is committed to promoting biodiversity and protecting native species through applying the mitigation hierarchy during planning, and rehabilitating and offsetting where impact is unavoidable.

The Dubbo Project has a Biodiversity Management Plan (BMP) that provides a framework for managing and monitoring biodiversity. This incorporates the fenced biodiversity offset areas associated with the Dubbo Project, which are designated for the restoration and maintenance of native habitats, especially vulnerable species. The biodiversity offset areas (1,021 hectares) were attached to the land titles through a conservation PVP (Property Vegetation Plan) negotiated with Local Land Services. These areas are registered on title and protected in perpetuity.

Water Management

ASM holds sufficient river and groundwater licences (including some high security licences) to develop the Dubbo Project as a 1Mtpa operation.

The Dubbo Project is within the Cockabroo Creek and Wambangalang Creek sub-catchments of the Macquarie River Catchment. The river water licences are in the Cudgegong-Macquarie Water Sharing Plan regulated by the NSW Department of Climate Change, Energy, the Environment and Water (formerly the NSW Department of Planning and Environment – Water).

ASM understands its role in responsible natural resource management within the catchment, and takes a holistic approach to managing soils, biodiversity and water.

ASM also understands the need for water in the catchment to be shared between the environment, towns, irrigators and industry. As such, ASM engages

[1] https://asm-au.com/dubbo-project/environmental-reports-management-plans/environmental-impact-assessment/

with the Macquarie-Cudgegong Customer Advisory Group, which provides a forum for community consultation. As the Dubbo Project has not commenced construction, ASM takes advantage of the opportunity to trade water on the temporary market. That water can then be used in the Macquarie valley for irrigation of crops or industrial uses.

A Stage 1 (construction phase) Water Management Plan (2016), approved by the NSW governing authority, is published on the ASM website.

As the Dubbo Project is pre-construction, ASM is not currently using water or producing waste at the Dubbo site. Nonetheless, ASM has made plans to mitigate water use in the final Dubbo Project flowsheet, reducing the projected demand by up to ~50%[1]. Toongi Pastoral Corporation Company uses water for stock and domestic use on site, with all irrigation water owned by ASM marketed annually to other water users.

Water and waste statistics will be captured once construction and operations at the Dubbo Project begin.

The Dubbo Project Annual Review and Annual Rehabilitation Report for FY24 (Annual Review) is available on the ASM website[2]. The Annual Review reports on environmental management activities undertaken by ASM in detail and is produced in accordance with the post-approval requirements for State significant mining developments - Annual Review Guideline (Department of Planning and Environment, October 2015) to meet the annual reporting requirements conditioned in the ASM Mining Lease (ML 1724) and Project Approval (SSD-5251).

CASE STUDY

TPC and DPI members conducting the woody biomass trial inspection.

Woody biomass trial sites at TPC

In 2017, four vegetation communities surrounding the Dubbo Project and overseen by ASM subsidiary Toongi Pastoral Company (TPC) were identified and provided benchmark data against which to measure rehabilitation success.

TPC continues to monitor and manage this land and in 2024 it entered a contract with the NSW Department of Primary Industries (DPI) to demonstrate how woody biomass crops can be integrated into land management options for TPC. The research is part of the NSW Climate Change Fund's Biomass for Bioenergy Project and aims to identify the species of trees that are the most productive in generating biomass (and biochar) in the Toongi environment.

Trangie Agricultural Research Station has recommended that two, two hectare sites (Pacific Hill and Ugothery) be planted with Sugar Gum, River Red Gum, and Durikai Mallee. Planting will occur in autumn of 2025.

Biomass power generation is a potential source of renewable energy to supply some of the Dubbo Project's green energy requirements. Biomass crops are plants grown with the main purpose of harvesting the biomass fibre for energy generation. The main purpose of the crop trials at Toongi is to investigate biomass production under short rotation cycles (three to four years).

The opportunity to incorporate woody biomass crops as a source of carbon neutral bioenergy production is aligned with ASM's long-term net zero carbon objectives.

[1] Refer to Dubbo Project Modification Report 1 SSD 5251 March 2022 which sets out how water requirements will be reduced once constructed.

[2] https://asm-au.com/dubbo-project/environmental-reports-management-plans/

Korean Metals Plant

Environmental Monitoring

The Korean Metals Plant (KMP) monitors and reports environmental data to the relevant authorities to ensure oversight of impacts. Data captured and reported, includes:

- Air pollutant emissions, reported biannually to the Chungcheongbuk province.
- Waste generation, reported annually to the Geum River Basin Environmental Office and the Ochang-eup Office.
- Outsourced wastewater treatment performance reported annually to the Chungcheongbuk province.

The data submitted by KMP to these government agencies is used as valuable inputs to calculate regional totals for environmental monitoring.

CASE STUDY

Aerial view of Toongi farmland at the Dubbo Project. Image courtesy of Australian Soil Management

Improved ESG Risk Rating

During FY24, ASM engaged Morningstar Sustainalytics to undertake a public assessment of the Group's ESG risk rating. Sustainalytics is a globally recognised assessment which provides ESG Risk Ratings to measure a company's exposure to, and management of, industry-specific material ESG risks. Ratings and data are provided to institutional investors and companies and are made publicly available on the Sustainalytics website.

In March 2024, ASM's second annual public assessment was completed, which assessed ASM as having strong management of ESG material risk despite high exposure to ESG issues, achieving an overall ESG risk rating of Medium. ASM's Medium risk rating is a significant improvement from the High risk rating in 2023, when ASM first participated in the assessment. This rating places ASM in the top 10% of companies globally within the Diversified Metals Industry Group. View ASM's ESG risk rating at www.sustainalytics.com

Climate Change

Climate change is a critical issue with far-reaching implications for the natural world and the global economy, presenting both risks and opportunities that can significantly impact a company's financial performance and long-term strategy. ASM understands that good governance is necessary to oversee and manage climate change risks to maintain the resilience and competitive advantage of the business.

During FY24, ASM conducted climate risk workshops to enable the identification and assessment of physical and transition climate-change risks to which ASM is exposed. This will further prepare ASM in applying the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and aligning its disclosures to the requirements of the International Financial Reporting Standards Standard 2 (IFRS S2) and Australian Sustainability Reporting Standards (ASRS).

Three scenarios were developed to test the resilience of ASM's current and future business to climate change, based on the International Energy Agency's (IEA) and Intergovernmental Panel on Climate Change (IPCC) climate scenarios. As a result of assessing the scenarios, a list of transition and physical risks and opportunities was developed to understand the material impacts they might pose and develop ASM's pathway to manage them.

Transitional risks

TCFD Category	TRANSITIONAL RISKS AND OPPORTUNITY
Risk	Financial impacts and safeguard liability
Risk	Low emission technology (processing)
Risk	Over-reliance on non-proven technology
Risk	Failure to electrify
Risk	Credit risk
Risk	Reduction in downstream customer preference
Opportunity	Access to markets
Opportunity	Access to capital
Opportunity	Favourable shift in downstream customer preference
Opportunity	Increased revenue from neodymium-praseodymium oxide

Physical risks

TCFD Category	PHYSICAL RISKS
Risk	Disruption to imports
Risk	Extreme rainfall events
Risk	Flash flooding
Risk	Flooding causing blockage to access roads
Risk	Rainfall discharged from the plant area
Risk	Endangered animals - flooding
Risk	Employee fatigue and heat stress
Risk	Bushfire
Risk	Endangered animals - fire
Risk	Water stress

Each risk will be evaluated by allocated risk owners to understand controls strengths and weaknesses, that will further guide ASM's management actions to address potential exposures. Once complete, the risks will form part of ASM's Material Risk Management process, and will be reviewed on an annual basis.

For details on ASM's full list of strategic risks and management's approach, go to page 48.

Energy and Emissions

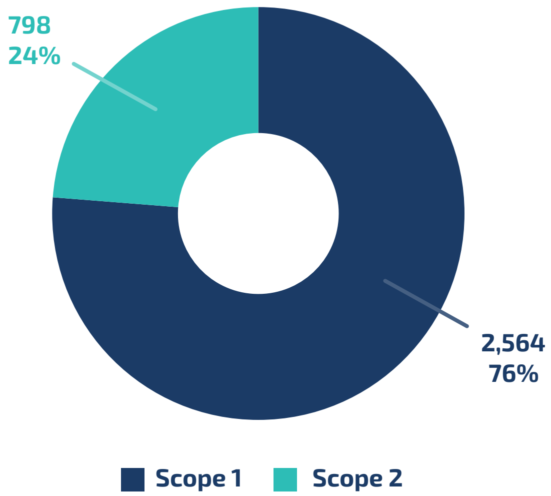
Greenhouse Gas Emissions

In line with a focus on understanding the impact of our current operations, ASM developed a greenhouse gas (GHG) inventory for FY24 for Scope 1 (direct emissions) and Scope 2 (indirect emissions) in alignment with the Greenhouse Gas Protocol. This marks the second year of ASM's reporting of energy and emissions data, in efforts to understand the potential impact and abatement of operations.

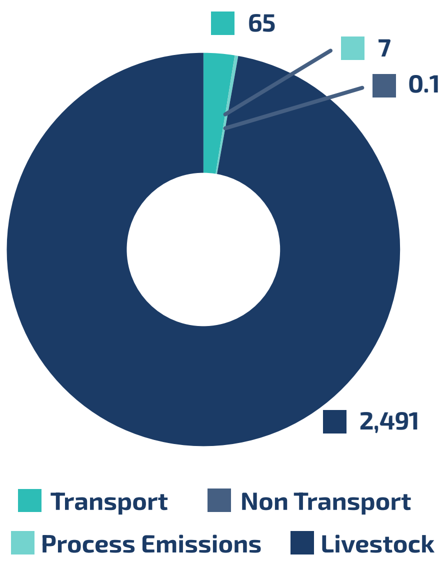
The GHG inventory for FY24 includes the operations of the KMP, Toongi Pastoral Company, and the Perth Corporate Office. This is inclusive of ASM's Scope 1 emissions from direct energy use (diesel, natural gas), use of industrial gases, livestock emissions, refrigerants, and Scope 2 emissions from grid electricity usage. When the Dubbo Project is operational, it is anticipated that the overall emissions will increase due to its inclusion within operational activities.

Overall, ASM's Scope 1 & Scope 2 GHG emissions decreased by 20.4%, from FY23 to FY24.

Total Greenhouse Gas Emissions (Scope 1 and Scope 2 - t CO_2e) in FY24

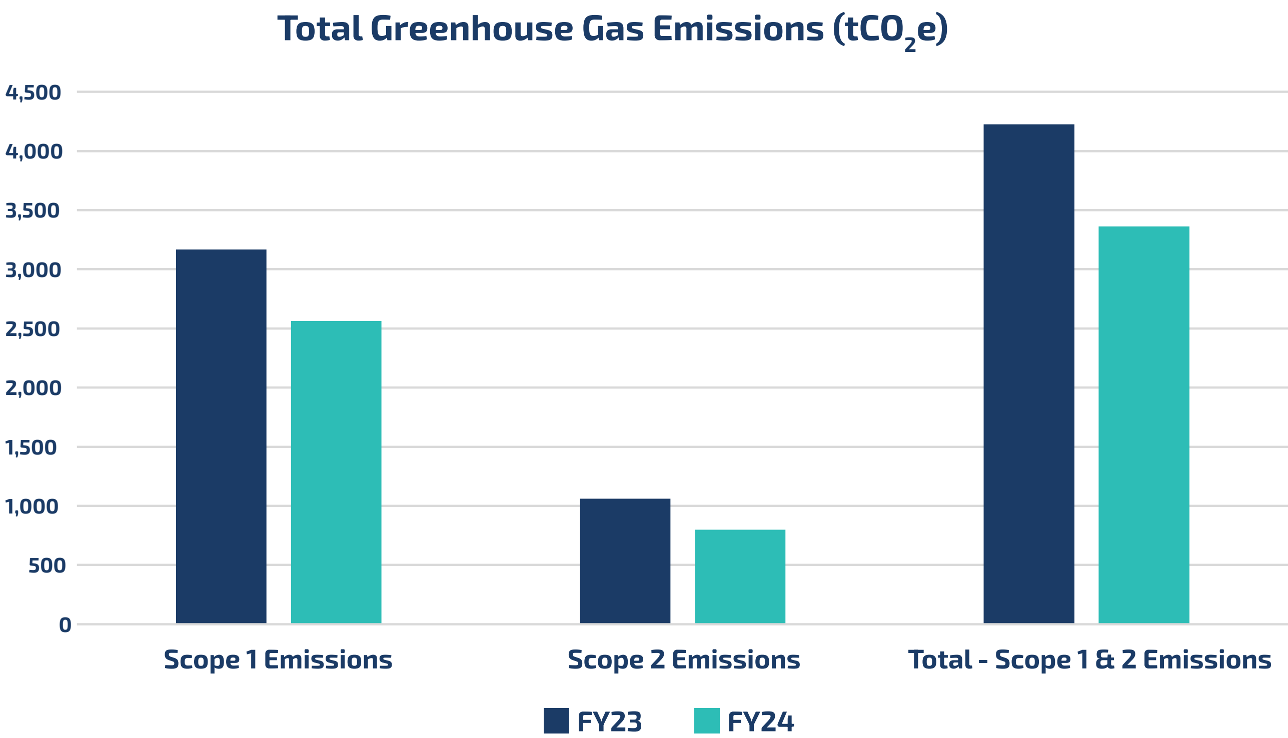


Scope 1 Emissions by Activity (t CO_2e) in FY24



Greenhouse Gas Emissions by Operation in FY24 and FY23[1]

	FY24 (t CO_2e)	FY23 (t CO_2e)
Korean Metals Plant		
Scope 1 Emissions	15	132
Scope 2 Emissions	710	995
Total Emissions – Scope 1 and Scope 2	**726**	**1,127**
Toongi Pastoral Company		
Scope 1 Emissions	2,549	3,034
Scope 2 Emissions	84	61
Total Emissions – Scope 1 and Scope 2	**2,633**	**3,094**
Perth Corporate Office		
Scope 1 Emissions	-	-
Scope 2 Emissions	4	4
Total Emissions – Scope 1 and Scope 2	**4**	**4**
Total		
Scope 1 Emissions	2,564	3,166
Scope 2 Emissions	798	1,060
Total Emissions – Scope 1 and Scope 2	**3,363**	**4,225**



[1] Due to rounding to the nearest whole number, some totals may not correspond with the sum of separate figures.

Dubbo Project

The Dubbo Project is located in the NSW Government's designated Central-West Orana Renewable Energy Zone, which provides an opportunity to source renewable energy options. In addition, and as ASM continues to develop its operations, several targets and opportunities for emissions reduction are being investigated. Despite not being operational, ASM has also conducted the Life of Mine emissions calculations for the Dubbo Project to better understand its emissions footprint.

Emissions reduction targets for the Dubbo Project

2030

Scope 1 - 40% Emissions Reduction (Alignment with NSW Government Net Zero Plan Stage 1: 2020 -2030)

Scope 2 - Net zero optimising the use of renewable energy

2040

Scope 1 - Interim target currently in development

2050

Scope 1 - Net Zero

Net zero (Scope 1) by 2050: ASM has set targets for Scope 1 emissions at the Dubbo Project, aiming for a 40% reduction by 2030[1] and net zero Scope 1 emissions by 2050. In addition, ASM is testing a decarbonisation pathway to set an interim 2040 target, as means of enhancing its emissions reduction efforts through electrification and substitution of reagents.

Net zero (Scope 2) by 2030: To achieve the target of net zero Scope 2 emissions by 2030, the Dubbo Project will focus on emissions associated with electricity generation, intending to optimise the use of renewable energy.

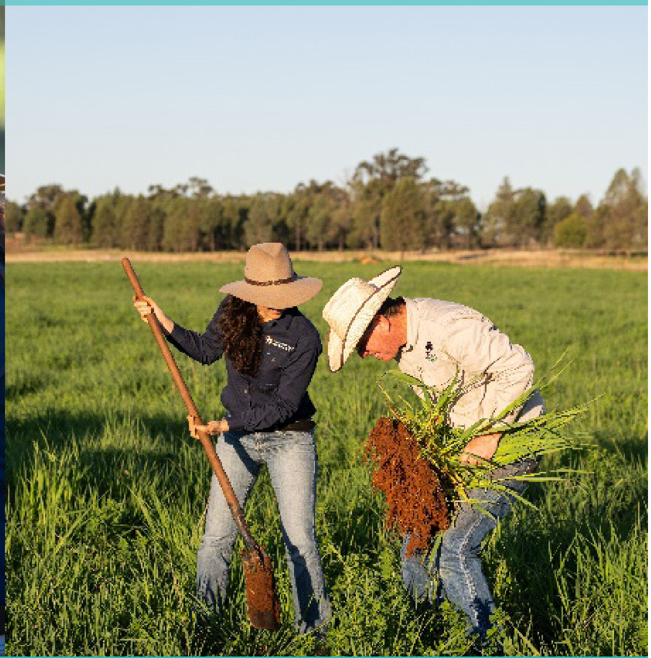
Greenhouse Gas (GHG) Management Plan: Prior to construction, the Dubbo Project will develop a comprehensive GHG Management Plan. This will ensure effective management and reduction of GHG emissions during its operations. The GHG Management Plan will implement best practices to minimise GHG emissions and improve energy efficiency. This may consider conducting regular maintenance of ASM's light vehicles, dump trucks, loaders, drills, graders, and other mobile equipment to optimise energy usage and reduce emissions, exploring electrification options and increasing the integration of renewable energy sources like hydrogen, alongside investigating the possibility of transitioning to an electric mining fleet.

Emission reduction opportunities: ASM will continue to explore innovative ways to minimise GHG emissions through various means, including management plans, studies, research, and grants. This will include active review of schemes that may provide additional opportunities to reduce GHG emissions and increase productivity in alignment with the NSW Government Net Zero Plan Stage 1: 2020-2030.

Assessment, tracking and reporting: ASM will facilitate a thorough assessment and reporting of GHG emissions and energy consumption against the set targets for GHG reduction at the Dubbo Project to promote accountability and progress monitoring towards these targets.

[1] From the baseline predicted CO_2 emissions published in the Dubbo Project Modification Report 1 – State Significant Development 5251 dated March 2022

CASE STUDY



Fergus Job, TPC Senior Manager, with Aurelie Quade, Australian Soil Management's Northern NSW Regional Manager, inspecting soil at the Dubbo Project. Images courtesy of Australian Soil Management

Toongi Soil Carbon Project

Toongi Pastoral Company (TPC) is ASM's wholly owned subsidiary focused on managing the agricultural land surrounding the Dubbo Project. Using sustainable farming technologies and innovative practices, TPC ensures sustainable land management and biodiversity, soil health and farm productivity. Working alongside the Dubbo Project team, TPC continues to support ASM's ESG objectives, demonstrating that mining, farming, land management and nature conservation can co-exist in harmony with the local community.

Since 2021, TPC has been working to identify opportunities to capture and store carbon (carbon sequestration) at the Dubbo Project under the Emissions Reduction Fund (ERF). The ERF is a voluntary scheme that incentivises organisations to adopt new practices and technologies to reduce emissions or store carbon. Under the scheme, landowners and farmers who adopt approved ERF methods can earn Australian Carbon Credit Units (ACCUs). These units can be sold to the government or on the secondary private market to generate additional income streams, while benefitting the environment.[1] The ERF is administered by the Clean Energy Regulator (CER).

Having provided baseline data from the Dubbo Project in 2023, in 2024 ASM was pleased to receive confirmation from the CER that the Toongi Soil Carbon Project has been registered as an eligible offset project under the scheme.

ASM is now working with Australian Soil Management to progress the project, conduct annual monitoring and compile the reporting required to demonstrate an increase in soil carbon and the health of the land in the project.

As ASM continues the development of the Dubbo Project, we are committed to supporting the drive toward net zero. Through innovative projects such as this, as well as actively managing and minimising greenhouse gas emissions, ASM aims to continuously improve its carbon footprint and meet its emission reduction targets.

[1] https://www.agriculture.gov.au/agriculture-land/farm-food-drought/climatechange/mitigation/cfi

Korean Metals Plant

Operational since 2022, the Korean Metals Plant (KMP) is continuing existing and implementing new initiatives to decrease its carbon footprint.

Emissions reduction targets for Korean Metals Plant

2023	2040
Scope 1 and Scope 2 - targeting net zero from commencement of operation	35% electricity from renewables

Net zero (Scope 1 and Scope 2): ASM set a target for the KMP to achieve carbon net zero for Scope 1 and Scope 2 emissions from commencement of operation. This was achieved in FY24 through the implementation of various initiatives to decrease its carbon footprint and the purchase of carbon credits.

Renewable energy integration: The KMP has adopted a continuous improvement approach to energy efficiency and is committed to aligning with the South Korean government's strategy and target of generating 35% of its electricity from renewables (e.g. solar power) by 2040. Notably, initiatives adopted at the plant to reduce emissions include the use of a fleet of electric forklifts and vehicles, which contribute to a reduction in emissions from our transportation activities.

Emission reduction opportunities:

Scope 1:

- Enhance fuel efficiency through improvements in driving habits (vehicle operation training planned).
- Transition business vehicles to electric cars (scheduled for implementation after the conclusion of existing contracts).
- Use fuel additives to counteract decreased fuel efficiency due to vehicle aging.
- Perform preventive maintenance to ensure the efficient operation of the generator.
- Gradually implement the use of alternative refrigerants and high-efficiency equipment.

Scope 2:

- Consider installation of solar panels.
- Regularly check and inspect idle equipment and disconnect power.
- Maintain optimal office temperature:
  - No temperature standards for indoor settings in 2023.
  - Indoor temperature standards effective from 2024: 25°C in summer, 20°C in winter.
- Prioritise high-efficiency products when introducing new equipment.

Purchasing carbon credits: In addition to emission reduction initiatives, FY24 Scope 1 and Scope 2 emissions at the KMP (726 t CO_2e) were completely offset by the purchase of carbon credits, meeting its carbon net zero target. The credits were invested in a local South Korean project by Hyundai Greenpower Co. Ltd, Steel Waste Energy Co-generation Project (Steel). The project utilises surplus waste gases produced by Steel to generate electricity, which would otherwise be emitted to the atmosphere after incineration.

National emissions abatement schemes:

The KMP aims to align with Korea's national emissions abatement schemes, including:

- **The GHG and Energy Target Management Scheme**[1]: Aims to achieve the national GHG reduction goals under the Carbon Neutrality Act by designating and managing entities and workplaces that emit a certain level of greenhouse gases as regulated entities. The GHG reduction targets are established and managed for these regulated entities to meet the national goals.
- **Emissions Trading Scheme**[2]**:** Allocates emission permits on an annual basis to businesses emitting greenhouse gases, allowing them to conduct emission activities within the allocated limits. Inter-business trading of excess or deficient emission allowances are permitted based on the evaluation of the actual greenhouse gas emissions of allocated businesses.

[1] Criteria for inclusion in the Target Management Scheme: threshold 15,000tCO_2 (KMP FY2023: 1,127tCO_2 – currently not applicable).

[2] Criteria for participation in the Emissions Trading Scheme: threshold 25,000tCO_2 (KMP FY2023: 1,127tCO_2 – currently not applicable).

Managing Director & CEO Rowena Smith (left) on site at the Korean Metals Plant with Representative Director Sung-lea Cho (right).

Social

People and Culture

ASM seeks to foster a culture of innovation, integrity and equal opportunity among its workforce, partners and supply chain.

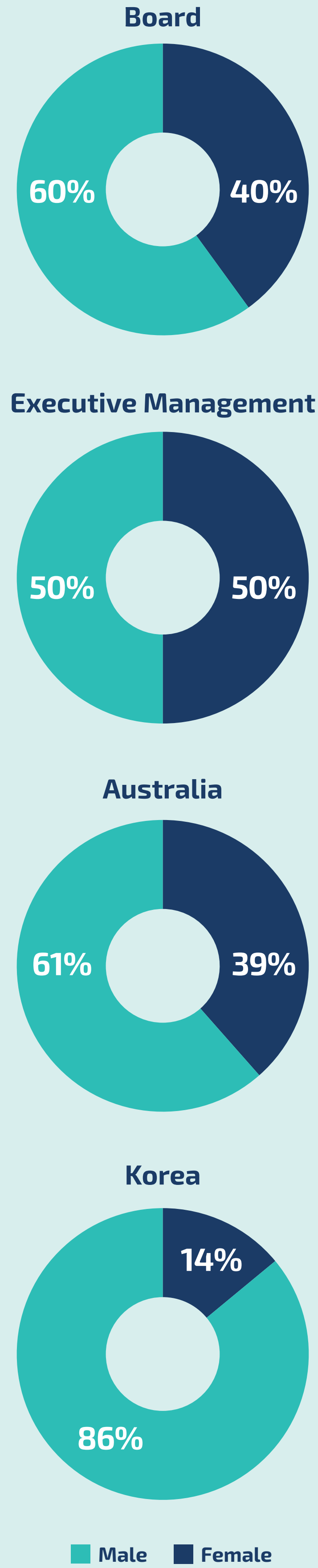
ASM has its headquarters in Perth, where most of the management team is located. The remaining employees are dispersed across Australia and in Korea. The Korean team comprises 73 employees (as at 30 June 2024). ASM's team based in Dubbo manages the Toongi Pastoral Company (TPC) and Dubbo Project, while a team in Brisbane progresses the ongoing project development and delivery work.

In Dubbo, community engagement and investment programs are in place, ensuring active involvement of the local Indigenous people in the planning for operation. This includes the protection of cultural heritage sites and moving towards Free, Prior and Informed Consent (FPIC). More information is provided in ASM's Indigenous Peoples Policy Statement[1].

Diversity

Between 2023 and 2024, gender diversity remained strong across the Board, management team and Australia. ASM made gender representation at its South Korea operation a focus for FY24, where much of the operational workforce is male. The Korean Metals Plant achieved an increase in the proportion of female employees from 11% to 14% during the year.

ASM Gender Diversity



Note: Gender Diversity data represents permanent and fixed term ASM employees as at 30 June 2024.

[1] https://asm-au.com/wp-content/uploads/2024/08/202402_Indigenous-Peoples-Policy-Statement-ASM.pdf

Health and Safety

Aligned to our Values, ASM has continued to build and strengthen a culture of caring and promoting a safe working environment through the promotion of trust and self-responsibility. This includes proactive work in risk identification, assessment, controls and verification. ASM encourages and supports all employees to become safety leaders at work and hold each other responsible for the expected behaviours and safe work practices required to reduce the potential for occurrences of occupational illness and injury.

Performance

ASM continued to maintain its focus on safety over the year and is pleased to report that the Group recorded the milestone of one year Lost Time Injury (LTI) free as of 30 June 2024, with 193,675 hours worked. The 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) as at 30 June 2024 was 1.0 per 200,000 hours worked.

There was one recordable injury sustained during the year, related to a head injury classified as a Medical Treatment Case (MTC) at the KMP. The employee received medical treatment at Ochang Central Hospital and returned to their original duties following treatment. Therefore, the incident was classified as a MTC, rather than a Restricted Work Injury or LTI. Following this MTC, ASM implemented engineered corrective solutions to prevent a recurrence of the incident.

ASM recorded no contractor injuries or fatalities in FY24.

Management Systems

ASM is committed to enhancing its health and safety management systems through proactive efforts in risk identification, assessment, controls and verification. ASM maintains an overarching Safety, Health and Sustainability Policy, which is enhanced by our Company-wide Values. These Values speak to how we runs our business, how we express ourselves as a Group, and how we engage with our people and stakeholders to inspire their trust.

In FY24, ASM commenced work on enhancing its health, safety, security and environment data reporting to assist with informed safety conversations and decisions. Leading and lagging indicators, such as LTI, TRIFR and Fatality Rate are utilised to inform risk management, assess performance and continually improve the system. This management system will also cover the Dubbo Project, and progress and performance on health and safety will be reported annually once construction begins.

Since becoming operational in 2022, ASM has achieved accreditation with ISO 45001 Health and Safety Management System, ISO 14001:2015 Environmental Management Systems, ISO 9001:2015 Quality Management Systems, and IATF16949 Quality Management System for the KMP, demonstrating an ongoing commitment to safety and quality in our operations.

ASM's internal reviews included a Pre-Startup Safety Review (PSSR) for electro-refining processes over an extended period from April to May 2024. ASM has also undergone ongoing inspections by third parties, including an ISO 45001 surveillance audit conducted in April 2024. This audit resulted in one recommendation for improvement which ASM has been actioning to mitigate risks, as well as supporting a safety inspection on hoists for the titanium induction furnace and pressure tank at the KMP machine room, conducted by the Korea Safety Technology Association in April 2024.

To ensure a proactive approach to safety, ASM's leadership conducts monthly joint site inspections involving both the management team and workers. This integrated approach allows for open discussions and the exchange of views on safety-related matters. In FY24, 1,517 daily safety inspections were conducted by senior leaders, resulting in 129 positive observations, further demonstrating ASM's commitment to creating a safe working environment and safeguarding the well-being of its employees.

Emergency Response Management

ASM prioritises effective emergency response management to ensure the safety and well-being of its employees and stakeholders. To validate the preparedness and response capabilities, regular audits are conducted, evaluating the implementation and understanding of the emergency response procedures and the readiness of first responders to address potential emergencies.

Recognising the importance of psychological support during workplace accidents or disasters, the KMP has entered into a memorandum of understanding with the Chungbuk disaster counselling support center, represented by the Red Cross. Through this collaboration, KMP employees have access to psychological counselling services in the event of workplace accidents or disasters. In addition, employees received training on emergency response measures and the use of automated external defibrillators (AEDs), and can participate in community volunteering activities organised by the Red Cross. In unison, these actions, foster a sense of preparedness within the community.

ASM's Fatality Risk Control Program (FRCP) constitutes a fundamental aspect of its emergency response management approach. This program was developed to mandate critical controls aimed at preventing fatalities, serious incidents and injuries arising from common hazards and associated risks in operational activities. By focusing on nine high-risk activities within the industry, ASM actively improves safety measures and mitigates potential risks, ensuring a safer working environment for everyone involved.

Community and Social Responsibility

ASM intends to leave a legacy that delivers enduring benefits to the communities and regions where it operates. ASM knows that having strong and positive relationships with local communities is critical to being a responsible and sustainable company.

Indigenous Peoples Engagement

Over the past two decades, ASM has consulted with local Elders and Aboriginal organisations, associated with the Wiradjuri land on which the Dubbo Project is located. This includes the Dubbo Aboriginal Community Working Party, Three Rivers Regional Assembly, and the Dubbo Local Aboriginal Land Council. The Dubbo Project Community Consultative Committee has two Indigenous members.

ASM continues to review cultural heritage sites within the Dubbo Project footprint and ensures Traditional Owners are engaged and consulted on heritage issues, as per Part 6 *National Parks and Wildlife Act 1974*.

ASM continues to identify heritage sites (outside of the project footprint) additional to those described in the Dubbo Project's Environmental Impact Statement (EIS 2013); these sites have been protected from farming activities.

Activities during the reporting period included:

- Meetings between ASM and representatives from Aboriginal organisations and Elders to listen to their priorities and grow relationships.
- Invitation to Traditional Custodians to walk 'On Country'.
- Dubbo Project Community Consultative Committee meetings.
- Engaging with local community to provide welcome to country, smoking ceremonies and cultural awareness lessons for all significant site visits and functions.

Supply Chain

ASM is committed to the adoption of principles for the sustainable, responsible and traceable production of metals and alloys and sourcing of inputs, to ensure we continuously improve against industry best practices, alongside key supply chain partners. ASM understands that a responsible and transparent supply chain is important to stakeholders and customers and is currently investigating technology platforms and methods to ensure effective supply chain management.

Modern Slavery

ASM commits to acting ethically and with integrity in all business dealings and relationships. ASM commits to implementing and enforcing effective systems and controls to minimise the risk of modern slavery taking place anywhere in its business or in any of its supply chains.

In doing so, ASM applies guiding principles, including, as part of its contracting processes, specific prohibitions against the use of forced, compulsory or trafficked labour, and expect that its contractors, suppliers, and other business partners hold their own supply chains to the same standards[1].

Sponsorships & Engagement

Community contribution is one of the ways ASM shares value back into the regions where it operates. This can be a direct contribution to a cause, event, or group, or it can be through in-kind donations, such as employees' time, or use of buildings and resources. Another way ASM contributes to communities is through economic opportunities, such as engaging local suppliers and business partners, or offering employment opportunities to the local community.

[1] https://asm-au.com/wp-content/uploads/2023/03/Modern-Slavery-Policy_20220324.pdf

During the year, ASM continued to engage with the local community in Dubbo through regular community newsletter distribution and via the community information line. ASM management and representatives also met with various government stakeholders, community and business leaders, local Aboriginal groups and potential local suppliers.

The key channel to ensuring an effective passage of information between ASM and the surrounding community, is the Community Consultative Committee (CCC). The CCC is an independently chaired member committee representing the Dubbo Project, the local community (including environmental interests) and the Aboriginal community.

At CCC meetings, members are updated on the progress of current and proposed mining operations and projects. Community representatives are given the opportunity to raise concerns regarding the Dubbo Project and to offer advice regarding consultation with the community. CCC meeting minutes are available via the ASM website. During FY24 the CCC met three times.

Other community initiatives supported during the year, included:

- Careers stand at the Dubbo College ASPIRE program.
- Sponsorship of the Dubbo Cross Cultural Carnivale celebrating social growth and diversity.
- An ASM employee participated in supervising events at the Western Plains Science & Engineering Challenge.
- Experiential learning supported through the Macquarie Agricultural Pathways Program with Toongi Pastoral Company.
- Supporting the Dubbo Show, with a presence of staff throughout the event and a stand to promote the Dubbo Project in the community.
- Dubbo Field Naturalist & Conservation Society field trip to Toongi.
- Supporting Native Secrets (an Indigenous-owned business based on thinning White Cypress Pine on Toongi Pastoral Company lands).

Students from the Macquarie Anglican Grammar School participating in a site visit to Toongi farmland as part of the Macquarie Agricultural Pathways Program.

Complaints Register

A register of complaints and enquiries received from the community is maintained by ASM. A modified version of this register (excluding personal details of complainants) is published on the ASM website.

No specific complaints were received during the reporting period.

Memberships and Participation

In November 2022, ASM became a participant of the United Nations Global Compact (UNGC). In 2024, ASM has been committed to the UNGC corporate responsibility initiative and its principles in the areas of human rights, labour, environment and anti-corruption. ASM commits to making the UNGC and principles part of its strategy, culture and day-to-day operations, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. As part of the 2024 UNGC Communication on Progress (CoP) campaign, ASM has completed its first CoP report that describes its efforts to implement the Ten Principles. ASM's CoP is available on the UNGC website[1]

ASM is proud to be a member of the Diversity Council of Australia, an independent not-for-profit peak body leading diversity and inclusion in the workplace. The membership and network with the UNGC and the Diversity Council allows ASM to assess and benchmark the impact of its business practices, fostering continuous improvement and exemplifying its commitment to be accountable to its ESG commitments.

CASE STUDY

Developing future skills

Construction and ultimately operation of the Dubbo Project will support hundreds of new jobs in the Dubbo region – jobs that will represent new professions and require skills development. ASM is committed to identifying and engaging local organisations that will showcase the opportunities at the Dubbo Project, support talent development and promote career pathways.

During the year, the Dubbo Project team participcated in several events, including the Dubbo Aspire Careers fair, the 'Education meets industry' networking event hosted by the NSW Minerals Council, and a presence at the Dubbo Show.

Now in its third year, ASM's subsidiary, Toongi Pastoral Company (TPC), has continued its partnership with Macquarie Anglican Grammar School to provide the Macquarie Agricultural Pathways Program (MAPP). The Program provides students with hands-on learning experiences on TPC farmland, developing agricultural based skills that may lead them to a career involved with agriculture. Site visits are managed by the TPC team.

Each year, Year 8 participants undertake a major project at Toongi that explores an area of personal interest, which this year included: identifying and classifying plants, a calendar of operation for managing livestock and researching ways to repair gully erosion.

MAPP students locating paddocks on a property map for pasture inspection.

[1] https:// unglobalcompact.org/what-is-gc/participants/154693- Australian-Strategic-Materials-Limited

Governance

ASM's actions are governed by an experienced Board committed to administering the Group's policies and procedures with openness and integrity. This year, ASM continued to strengthen its governance framework, focusing on environment and sustainability. As a result, it commenced work on a health, safety, security and environment management system. ASM also established several new policies, which are published on the ASM website.

ASM commits to driving a risk management culture that ensures risks are identified, assessed, and reduced or removed, as appropriate. Our risk management framework is considered in all of our activities, and we commit to providing an effective risk management framework that prioritises environmental and social risks in business decisions, alongside economic, political, legal and regulatory risks.

To demonstrate commitment to responsible mining, ASM's long-term intention is to comply with the Initiative for Responsible Mining Assurance (IRMA)'s standard when the Dubbo Project transitions into operation. Over the next five to seven years, the nature of ASM's activities presents an opportunity to work towards readiness for the IRMA Standard by 2030. As an interim step, ASM aims to integrate the Towards Sustainable Mining (TSM) certification and assurance scheme over the next three years.

Since 2020, ASM has been providing sustainability content within its Annual Report. In addition, ASM has reported the information cited in the GRI content index with reference to the Global Reporting Initiative (GRI) Standards since 2022. The current GRI Index can be found on the ASM website[1].

The Board is responsible for monitoring compliance with ASM's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety. Further information on board responsibilities is provided within the Board Charter.

Corporate Governance Statement

ASM's annual Corporate Governance Statement has been published and released to the ASX separately. It is available on the ASM website at: asm-au.com/about-asm-home/governance.

[1] https://asm-au.com/sustainability/

Risk

Our Risk Management approach is designed to support ASM's critical short- and long-term business activities, achieving the desired level of risk management maturity and improved business performance.

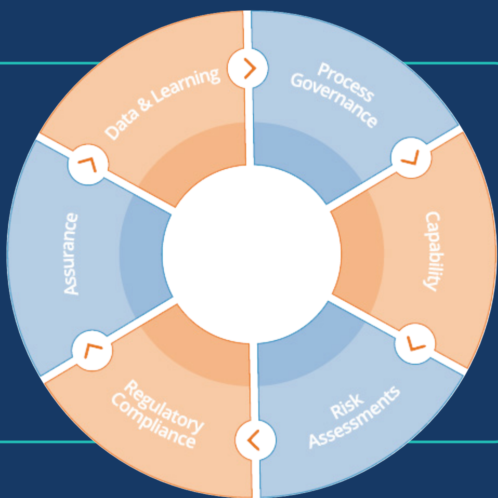
Managing our risks to maintain sustainable growth

The minimum mandatory requirements for the management of risks that can materially impact our ability to achieve our purpose, strategy and business plans are defined in our risk management standard. The approach and standard are delivered through our system of risk management which is aligned to the principles of the International Standard for Risk Management AS/NZS ISO 31000:2018.

At ASM, we are committed to a continuous enhancement journey to mature our risk management practices, capability and building a risk-aware culture. Financial Year 2024 (FY24) embedded risk management foundations and transparency across our site-based workforce, management team and Board of Directors, demonstrating our commitment to addressing potential challenges, while safeguarding our stakeholders' interests.

ASM System of Risk Management (proposed end state)

Our system of risk management enables everyone at ASM to identify, manage and respond to threats and opportunities, to support the delivery of our goals and business outcomes.



We report transparent and complete real-time risk data, easily accessed from a single platform.

- Single administration platform for risks, events, hazards, obligations and actions.
- Integrated reporting from single source.
- Mobile application functionality for infield verifications and observations.
- Continuous learning routines.

We have a mature, clearly defined and understood three lines model, providing regular quality assurance over our controls.

- 1st line verifications performed regularly.
- 2nd line stewardship health checks, assessing control effectiveness and ongoing compliance to our standards.
- 3rd line assurance assessing systems over 1st and 2nd line execution.
- Co-ordinated plan across 2nd and 3rd lines activities.

We understand the regulations that apply to our business, and we have processes to manage and monitor our compliance.

- Regulatory obligations registers in place at each operation.
- Ongoing monitoring program for obligations management effectively escalating non - compliance.
- Real-time update of obligations registers with external regulatory changes.

We all understand our risk management roles and accountabilities, and keep building our skills to make informed risk-based decisions.

- Effective risk management capability training programs for all ASM employees.
- Regular refresher and new starter risk and compliance training.
- Highly capable on site/off site risk management support.

We have simple risk processes and fit for purpose tools, enabling continuous and dynamic risk management activities.

- Documented risk and compliance processes and procedures.
- Toolbox guiding on a range of risk techniques.
- Core risk rhythms and routines for all operations and functions established and operating.
- Governance in place for improvements to risk standard and processes.

We identify and prioritise our risks and continuously address gaps in our controls.

- Comprehensive risk registers in place at each operation and function.
- Risk and control owners assigned for material risks.
- Regular assessments of all risks and controls.
- Organisation risk appetite and tolerance levels established and monitored.

Risk Appetite

Our risks are managed within the context of the Board-approved risk appetite statement, which outlines the level of risk that ASM considers in the pursuit of its goals. We are governed by a Board of Directors, and we are committed to conduct all our activities legally and ethically.

The Risk Management Committee is established to oversee ASM's system of risk management and reports to the Board on matters involving risk, including recommending a risk appetite level.

ASM has developed policies and procedures to guide its employees, whilst ensuring there are clear parameters for risk appetite tolerance with respect to essential outcomes from areas of activities and jurisdictional impacts and influences. At the end of FY24, ASM management team and the Board of Directors held an annual review of the risk appetite and tolerance levels, resulting in increased risk appetite for pursuing operational and development opportunities in months to come.

Core Risks in Practice

Our risks are regularly assessed and managed at both a Company-wide strategic level and at a tactical level for operational activities, project developments and corporate functions risks. Our dual top-down and bottom-up risk management approach enables an effective escalation of emerging signals and risks, which helps us stay proactive and immediate in our response.

STRATEGIC BUSINESS RISKS

Our strategic business risks are risk exposures and uncertainties that could have a material effect on ASM's financial and operating prospects and our ability to achieve our strategic objectives as described in this report. These risks and uncertainties arise from a range of factors, including the Company's international operations, the current status of the Dubbo Project, the nature of the rare earths and critical minerals industry and changing economic factors. These risks have the potential to impact our entire organisation or a substantial portion of it, resulting in notable consequences, which can be either positive or negative – and subsequently trigger changes to our strategy.

These risks are overseen by the Board on recommendations from the Risk Committee, Audit Committee and the management team. ASM responds to these risks by implementing strategies which are regularly reviewed by management, to ensure the Company remains within the Board approved risk appetite.

Keeping our people and communities safe and well

Opportunity	Threat
Keeping our people and communities safe and well underpins the culture we aspire to and sets our expectations of each other. Caring for our workforce, including employees and contractors, and always considering the impact our activities can have on the environments we operate in, positions us well for local communities' support, as well as potential customers and investors.	The impact of not having a safe working environment and best practices, can be devastating for our employees, contractors, communities, and retention of personnel. It can alter lives and impact shareholder returns, business continuity, financial performance, growth and ultimately ASM's license to operate.
Our Response	**Our Response**
• We operate with care and respect as one of our core values, safeguarding the wellbeing of each other and the communities we operate in. • We comply with all relevant workplace standards and legislation as well as accreditations. • We proactively engage with our people and communities to understand concerns and nurture valued relationships. • We monitor developments in practices and technologies to ensure we proactively implement best practices and improvement opportunities to keep our people and communities safe and well. • We have a documented and tested Corporate Emergency Management Plan that provides our support to Crisis Management involving local communities in which we operate. • We have assistance programs for our employees in case of disasters and hardship. • We have a pandemic response plan that guides us on how to manage significant short- or long-term health related outbreaks (i.e. COVID). • We monitor our operational workplace environments for early indication of stress response to potential psychosocial hazards.	• We have a clear focus on health, safety and wellbeing in everything we do. • We have robust Emergency Response Plans in place at all sites. • We have a risk management program that guides us on how to effectively manage potential health and safety exposures. • We actively and regularly assess our operational risks and controls at each site, integrating risk management routines and conversations in day-to-day activities. • We have a suite of comprehensive health and safety policies, standards and systems designed to prevent potential fatality and injury threats and help manage actual events if they occur. • We engage, develop, and train our people so that our work is well designed, monitored and executed. • We investigate actual and potential significant events and share our learnings across the organisation, so we all learn from controls that fail. • We perform regular audits to check how well designed our controls are, and whether they operate effectively. • We quickly adopt appropriate best practices and technologies in safety and environmental protection.

Global economic uncertainty

Opportunity	Threat
We aim to leverage geopolitical support to play a part in the reshaping of Western critical minerals supply chains to maximise total shareholder returns and become known as a credible and reliable counterparty.	Any deterioration in economic conditions, including any increase in inflation and interest rates or rapid shifts in the supply and demand for end use products, may have an adverse impact on ASM's financial performance or growth. It can also have consequences on ASM's ability to obtain project funding in a timely manner or on terms acceptable to it.

Our Response	Our Response
• We monitor ongoing geopolitical developments and market opportunities to diversify customers and supply chains whilst considering opportunities and partnerships to optimise our investment portfolio. • We aim to establish our business in jurisdictions aligned with the objective of establishing an alternative critical minerals supply chain.	• We have various commercial strategies, including contracts with mechanisms that provide protection in the event of price fluctuations (e.g., fixed prices, defined price reviews, caps and floors on pricing) and ongoing monitoring of market conditions. • We adjust our capital allocation plans according to market conditions whilst maintaining a minimum liquidity buffer. • We carry out reviews of commodity prices and exchange rates, which we use to inform our operational plans. • We monitor our operating cost plans according to market conditions to ensure we remain competitive. • We monitor our industry cost curve position relative to our peers and incorporate this into our investment decisions.

Maintaining competitive advantage through business innovation and pricing mechanisms

Opportunity	Threat
To stay competitive, we position our organisation to effectively identify, develop and adopt sustainable business models including alternative pricing mechanisms, commercial arrangements and supply chain partnerships across our rare earth and critical mineral portfolio.	The critical minerals supply chains are nascent and rapidly evolving. Increasingly end users are requiring whole of supply chain solutions which require innovative commercial approaches to remain competitive. Acceptable pricing for critical minerals will depend on the ability of markets to develop market-based pricing mechanisms. Other factors such as government intervention in markets, stockpiling, new trade policies, barriers and sanctions can also significantly impact pricing. Subsequent price volatility could adversely impact on financial performance and growth if ASM is unable to adapt. To secure funding to develop the Dubbo Project ASM will need to enter into contracts for the sale of the critical minerals on terms that are bankable. There is no guarantee that contracts will be secured on such favourable terms or there may be a delay in obtaining such contracts.

Our Response	Our Response
• We proactively engage with existing and prospective customers, suppliers and supply chain partners to understand and ensure we can meet their product requirements and objectives. • We monitor broader market developments for emerging sale, supply and/or partnership opportunities. • We actively engage with price reporting agencies and other industry stakeholders to continually assess our pricing mechanisms to ensure alignment with market conditions and actively seek to develop improved market-based mechanisms.	• We have a dedicated marketing function engaging with prospective customers whilst monitoring and potentially developing market pricing innovations. • We continue to monitor market commodity volumes for both sales and supply opportunities. • We have a clearly defined approach to pricing, innovation, and improvement which includes industry engagement on enhancing pricing mechanisms. • We explore opportunities to partner with both upstream and downstream participants. • We analyse and monitor market trends and customer relationships. • At KMP, we are progressing development of new in-house technologies.

Capital and funding

Opportunity	Threat
By investing selectively in our existing operations, growth options and external opportunities, including accessing competitive capital from government, we aim to maximise total shareholder returns over time.	Our projects require substantial capital investment, particularly the Dubbo Project, which may be challenging for traditional funding. Nonetheless the quantum of export credit finance, commercial debt and/or equity funding available to us may not be sufficient; not available in a timely manner; or on acceptable terms to execute our strategy and therefore impacting on ASM's financial performance and growth.
Our Response	**Our Response**
• We continue to focus on capital options by considering a diverse mix of equity and debt including available government support mechanisms across various jurisdictions. • We consider different project design and delivery options to lower the capital, operating expense and liquidity risk to increase attractiveness to debt and equity funders.	• We target a project financing funding mix of equity and debt, supported by export credit finance and secure bankable offtakes. • We aim to secure offtake agreements on economic terms to assist in obtaining funding on acceptable terms. • We consider different project design and delivery options to lower the capital, operating expense and liquidity risk. • We maintain sufficient cash balances to operate a solvent business. • We seek strategic investors and relationships, for example offtakes, such that financing is de-risked for investors and debt providers. • We create strong relationships with our brokers, financiers and investors. • We provide adequate resourcing in finance and marketing functions to monitor the finances and performance of the business. • We can sell down interests in Dubbo or KMP to release equity.

Building and sustaining supply chains for critical goods and services

Opportunity	Threat
Optimal and sustainable management of supply chain risk positions our business to operate safely and reliably, in a manner that meets or exceeds the expectations of our stakeholders. It also provides us with the ability to partner with and influence how others in our industry approach sustainable sourcing. This may position us to benefit as trade flows respond to rising protectionism, social consciousness, and general trends to de-risk value chains. Of particular note, the supply chain for rare earth oxides (REOs) is developing which provides us with a genuine opportunity to establish ourselves as a credible alternative supplier of both REOs and metal/alloy material.	We are dependent on contractors, suppliers and key personnel for vital goods and services to our operations, including raw materials, services and equipment. The supply chain for many of our key raw materials (particularly REOs) is still in development stage outside of China. There is potential that market dysfunction may lead to a failure to establish an alternative supply chain. Any supply or service disruption may have an adverse effect on financial performance, growth and return to shareholders.
Our Response	**Our Response**
• We build strong strategic partnerships with key suppliers on a long-term, mutually beneficial basis. This involves working collaboratively (and contractually) to ensure risks are appropriately shared and mutual support is provided as we work to establish robust and sustainable supply chains. • We have local procurement initiatives designed, where practical, to increase opportunities for local suppliers.	• We have a system of procurement management and approval authority in place that guides us on how to effectively select and manage our goods and services including multi-source supply where required; optimising inventory levels; flexing commercial terms and maintaining up-to-date business continuity plans. • We understand, assess and continually monitor the risks in our supply chains, including the supply of critical goods and services, potential shortages, critical suppliers, vendor liquidity, logistics, climate change and decarbonisation, and modern slavery.

Consistent operational performance

Opportunity	Threat
We look to continuously improve our operations and product range to deliver stable and consistent performance meeting the requirements of our customers. We invest in developing processes to sustain and improve our production performance to deliver a broader range of products for current and future customers.	ASM may encounter operational difficulties in meeting and consistently fulfilling customer requirements which will impact on the ramp up schedule and cash flow. Consistent operational performance may be affected by supply chain constraints, as well as shifts in regulatory environment. If ASM cannot reliably and securely meet profitability goals, it may have an adverse impact on the capacity to accomplish the strategic goals, disrupt the supply chain and harm shareholder returns.
Our Response	**Our Response**
• We actively and regularly assess our operational risks and controls at each site, integrating risk management routines and conversations in day-to-day activities. • We continuously assess and enhance the efficiency of our operations by integrating our operational procedures, which encompass operational planning, work design and standards, as well as process control enhancement. • We build strong relationships with our customers to ensure that we understand their requirements and work to meet those.	• We work collaboratively with customers to understand and meet their technical specifications and delivery requirements. • We operate in line with ISO certified requirements in Quality, Environment, Occupational Health, Safety and Risk Management. • We carry out regular quality assurance processes over our operation and production. • We monitor and adjust our operating cost plans to remain cost effective and stable in our performance.

Delivering on contractual relationships

Opportunity	Threat
Realising our strategic objectives and financial prospects will be dependent on contracts with a variety of parties in differing jurisdictions. We manage those contracts to build positive relationships, deliver in line with our purpose and meet our strategic commitments.	There is a possibility that ASM's contracts are not honoured or not extended, or that memoranda of understanding with parties do not result in binding contracts. ASM's contracts are exposed to the possibility of disruptions caused by a range of factors, some of which may be outside of either our or our counterparties' control. Disruptions to contractual performance could potentially have a significant adverse impact on the business, reputation, financial performance, and overall financial health. Many of ASM's contracts are or will be for longer terms and in a variety of jurisdictions. ASM may encounter difficulties managing issues that emerge over that term.
Our Response	**Our Response**
• We seek to enter into contracts with parties and in jurisdictions that are aligned with our strategic objectives, purpose and values. • We actively build relationships with our counterparties to ensure we understand the issues faced by them and to ensure successful delivery of contractual obligations.	• We obtain formal advice on our contractual commitments and the jurisdictional requirements that may apply to them. • We apply our risk management practices to identify potential issues that may impact on contractual performance and introduce measure to address or minimise the impact. • We establish open and transparent communication with our contractual counterparties to resolve issues amicably before escalation. • We continuously monitor and evaluate the performance of the parties throughout the contract term and address any deviations from the agreed upon obligations promptly.

Maintaining our license to operate

Opportunity	Threat
Proactive, collaborative and transparent engagement provides the opportunity to build relationships with our stakeholders based on trust and shared understanding. Our stakeholders include communities, traditional owners and governments we operate in. Through maintaining and safeguarding our ongoing license to operate, we contribute to our stakeholders and broader society.	Failure to maintain our reputation with some or all stakeholders and communities, as well as appropriately consider our impacts on environment and compliance with regulation may have a negative effect on financial performance and growth. ASM relies on Government and government agencies to grant appropriate permits and approvals to allow the development and the ongoing operation of the Dubbo Project and KMP. If permits, licenses or approvals are revoked, not granted, or are delayed, or the terms are onerous, this may delay or hinder the development of our operations, increase costs and impact the supply chain.

Our Response	Our Response
• Our purpose and strategy expressly balance economic outcomes with social and environmental outcomes, now and into the future. In the decisions we take, we look to minimise impact, respect human rights, and create enduring social, environmental, and economic value for all our stakeholders. • We are working with industry bodies to obtain responsible mining certification and align our environmental, social and governance (ESG) reporting and monitoring to industry standards. • We work to operate in accordance with all relevant regulatory and legislative requirements.	• We undertake formal risk analysis on all risks that can impact our license to operate. • We use recognised rating agencies ratings to benchmark our ESG progress and identify areas we can improve. • We have fit for purpose ESG commitments and strategies. • We continuously work to build strong, positive, and meaningful relationships with local communities and with the traditional owners. • We monitor and audit our compliance with relevant regulatory and legislative requirements. • We proactively monitor legislative changes to ensure we continue to comply. • We appropriately resource our teams to respond to ongoing commitments, changing environments and external pressures

Political risks, actions by government and/or authority

Opportunity	Threat
Proactive engagement leading to strong relationships with governments, regulators, industry bodies and authorities provides a mutual understanding of drivers for decision-making. This increases clarity around policy and regulatory environments, enables appropriate and tailored responses to issues and provides understanding of government support and momentum for our strategic objectives.	Any change in the government, legislative and administrative regimes, taxation laws, interest rates and other legal and government policies may have an adverse effect on the assets, operations and financial performance.

Our Response	Our Response
• We monitor global political activity, policy, and legislative and regulatory changes both globally and in the jurisdictions in which we operate. We engage with relevant authorities to understand the opportunities for government support and mitigate potential impacts on our business performance. • We partner with selected industry associations to provide insights and views to help shape regulations impacting the industry in which we operate.	• We have specialised knowledge through in-house expertise or the use of external experts, including tax, legal, sustainability, regulatory and external affairs advice where appropriate. • We use a system of risk management with respect to regulatory compliance to anticipate and analyse risks, to design and implement plans that aims to ensure ongoing compliance with changing legislative and regulatory frameworks.

Technology and innovation

Opportunity	Threat
To be competitive, we position our organisation to effectively identify, develop and adopt sustainable improvements for breakthrough technology and innovation in our operations and projects.	Critical minerals technology, legislative requirements and consumer trends are evolving rapidly, which could adversely impact on our financial performance and growth if we are unable to adapt.
Our Response	**Our Response**
• We proactively engage with existing and prospective customers to ascertain requirements and objectives. • We monitor broader market developments for emerging opportunities. • We continually assess our operations for area of technical improvement via the implementation of new technology or testing of processes improvements. • We have a highly credentialed dedicated research and development team, that is focussed on identifying improvements and innovations to our processes and is developing our own innovative low carbon technology for the metallisation process, • We recognise that the intellectual property we develop is an important asset and therefore we invest in and develop processes and procedures designed to maintain and protect our intellectual property.	• We focus dedicated investment on research and development whilst monitoring market innovations. • We have a clearly defined approach to innovation, improvement and technology. • We proactively engage with government research and development organisations where appropriate. • We continually assess our operations for areas of technical improvement via the implementation of new technology or testing of process improvements.

Climate change

Opportunity	Threat
Aligning our business strategy, including how we operate and what we produce, with stakeholder expectations, future technologies and evolving climate and environmental policies and regulations, contributes to a resilient and high performing portfolio, and assists in addressing the physical risks of climate change.	Failure to manage environmental risks may impact our ability to secure development approvals, permits or licenses and increase legal exposures adversely impacting on financial performance and growth, as well as our ability to operate.
Our Response	**Our Response**
• We are transparent in our disclosure of environment related opportunities and threats in our annual reporting. • We focus on our sustainability approach, inclusive of our environmental requirements, aligned with best practice goals and standards and work to proactively identify ways in which we can reduce our carbon emissions. • We are working with industry bodies to obtain responsible mining certification and align our ESG reporting to industry standards.	• We engage with stakeholders to ensure our operations are well designed, monitored and executed. • We have a fit for purpose company-wide ESG approach, with established targets and a forward workplan. • We seek to manage water resources to promote better water use and effective catchment management. • We integrate biodiversity land management, carbon farming and rehabilitation processes into our business planning to minimise impacts on surrounding ecosystems. • We are aware of our greenhouse gas emissions and are actively working on reducing our carbon footprint. • We understand the physical and transitional risks that our organisation may suffer from or create impact on our environment. • We seek external assurances to maintain our ESG credibility and confirm the accuracy and quality of our approaches.

Business resilience (pandemic, natural disasters, strikes/people action)

Opportunity	Threat
Achieving stable and predictable performance enhances the value proposition for our shareholders, other stakeholders, and the communities in which we operate. The better we prepare for and learn from events, the better we are placed to respond and reduce the impact of future events – strengthening our organisational resilience.	Failure to manage natural catastrophes or major events, such as cyber-attacks, could result in a significant event or other long-term damage that could harm the Company's access to logistics chains and critical goods and services, financial performance, and license to operate.
Our Response	**Our Response**
• We have business continuity and disaster response plans in place. • We have trained and competent persons and equipment to respond to emergency incidents, including large scale community emergencies.	• When facing potential catastrophes, we put safety and wellbeing at the heart of everything we do. • We use a system of risk management in design, construction, and operation phases to anticipate and analyse risks, to design and implement plans that aim to prevent or limit business impacts. • We purchase capped insurance coverage against many, but not all, potential losses or liabilities arising from major events or natural catastrophes. • We monitor and test our resilience to cyber-attacks with appropriate technology, processes and expertise.

Optimising our asset mix

Opportunity	Threat
Disciplined development and acquisition of critical minerals projects, including non-operating/operating and non-controlling/controlling interests in these operations and projects, present us with opportunities to increase our participation and strengthen the end-to-end supply chain. Partnering with other critical minerals stakeholders also creates opportunities for us in early-stage development and expansion into current and new jurisdictions.	Rapidly changing global sentiment presents a threat to the sustainability of our current portfolio mix if we do not act. In responding to stakeholder expectations, we could make decisions to dispose of operations, projects, and investments, including at less than market value, miss critical opportunities or make new investment decisions on unfavourable terms. Increasing demand for critical minerals may drive higher valuations of operations and projects that we want to acquire, making acquisitions challenging. Geopolitical developments may limit those jurisdictions in which we can operate or those counterparties with whom we can partner or transact.
Our Response	**Our Response**
• We will be flexible on opportunistic acquisitions and divestments including non-controlling/controlling and non-operating/operating shareholdings in incorporated or unincorporated joint ventures across our value chain. • If a Joint Venture arrangement is pursued, we will seek to partner with credible like-minded organisations, likely with complementary capabilities, who see the strategic long-term value of partnerships in establishing a robust and sustainable mine to metals supply chain.	• We are actively shaping our critical minerals portfolio cognisant of the emerging global critical mineral value chain across jurisdictions that impact on our ability to achieve our goals. • We will continue to strengthen our due diligence processes to ensure we work with the right partners. • We understand the importance of economies of scale in the processing end of our business and will focus on ensuring our cost structures are globally competitive. • We will develop world-class capability in all aspects of rare earth processing from mine through to metals and alloys.

Access to people and talent

Opportunity	Threat
Our position as an emerging global leader in critical rare earths minerals with a reputation for diversity, innovation, sustainability and safety enhances our ability to attract and retain talent. Our global operating model provides greater access to talent which can be positioned across the company to better meet business challenges and capture opportunities to develop our succession planning.	Inability to attract the right expertise, as well as engage and retain key talent may adversely impact reputation, financial performance, ability to execute our commitments and strategic growth. In an emerging skill market for critical minerals specialists and combined with growing competition for such specialists there may be a shortage of appropriately skilled talent to deliver on our objectives which may impact on our reputation, financial performance and growth.
Our Response	**Our Response**
• We have a leadership and talent management model which aligns our personnel to our preferred culture and behaviours. • We proactively engage with our people and stakeholders to build a trusted value proposition for current and prospective employees. • We have a strong values model that represents our culture ambition as well as guiding the talent recruitment and people decisions.	• We design our reward program to position ourselves relative to the market, enabling us to competitively attract appropriate skills and experience, motivate engagement and loyalty from employees and improve business performance. • We review our reward proposition every year to ensure we remain competitive. • We actively manage this retention risk by routinely reviewing our strategy against capability requirements, including retention programs. • We identify the need for and actively seek appropriately skilled talent to support specialist delivery options for our operations and project milestones.

Metals furnace in operation at the Korean Metals Plant.

Neodymium praseodymium (NdPr) metal produced at the Korean Metals Plant.

Directors' Report

The Board of Directors (the Board or the Directors) of Australian Strategic Materials Limited (ASM or the Company) and its controlled entities (the Group) is pleased to present their Directors' Report together with the consolidated financial statements of the Group for the year ended 30 June 2024.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

I J Gandel	Non-Executive Chair
R J Smith	Managing Director and CEO
G M Smith	Non-Executive Director
K J Gleeson	Non-Executive Director
N P Earner	Non-Executive Director

Information on Directors and Company Secretaries

The following information is current at the date of this report.

Ian Jeffrey Gandel LLB, BEc, FCPA, FAICD - Non-Executive Chairman

Mr Gandel is a successful Melbourne based businessman with extensive experience in retail management, retail property and mining. He has been a Director of the Gandel Retail Trust and has had an involvement in the construction and leasing of Gandel shopping centres. He has previously been involved in the Priceline retail chain and was the CEO of a chain of serviced offices. Mr Gandel has been an investor in the mining industry since 1994. Mr Gandel is currently a substantial holder in several publicly listed Australian companies and, through his private investment vehicles, now holds and explores tenements in his own right in both South Australia and Western Australia.

Mr Gandel has been a Non-Executive Director of ASM since 2014 and Non-Executive Chair since 2017, and is a member of ASM's Audit Committee, Nomination Committee, Remuneration Committee and Risk Committee.

Current listed Directorships also include Non-Executive Chair of Alkane Resources Ltd (Director since 2006). Past listed Directorships (previous three years) include Executive Chairman of Alliance Resources Pty Ltd (2003 to 2022).

Rowena Jane Smith B.Com, MAICD – Managing Director and Chief Executive Officer

Ms Smith has over 30 years' experience in the mining and minerals processing sector holding senior roles in strategy, operations and commercial. Prior to joining ASM, she was Chief Sustainability Officer at South32, accountable for sustainability strategy, risk management and HSE business processes. Her other past roles include Vice President Supply at South32, General Manager of BHP's Kwinana Nickel Refinery, and operational leadership roles within Rio Tinto's aluminium smelting business.

Ms Smith has been Managing Director of ASM since March 2023 and is a member of ASM's Nomination Committee and Risk Committee. Ms Smith joined ASM as Chief Operating Officer in July 2021 and was appointed Chief Executive Officer in July 2022.

Nicholas Paul Earner BEng (hons) - Non-Executive Director

Mr Earner is a chemical engineer and graduate of University of Queensland with over 25 years' experience in technical and operational optimisation and management and has held a number of executive roles in mining and processing. Mr Earner was employed by Straits Resources Ltd for a four-year period, including two years as Executive General Manager – Operations, supervising up to 1,000 employees in open cut and underground gold mines and an underground copper mine. During the eleven years before that he had various roles at Rio Tinto Coal Australia's Mount Thorley Warkworth coal mine and BHPB/WMC Olympic Dam copper-uranium-gold operations. Mr Earner's eight years at Olympic Dam included roles managing the Concentrator and Hydromet functions which included substantial milling, leaching and solvent extraction circuits. His other positions included Production Superintendent – Smelting, and Senior Engineer – Process Control, Instrumentation and Communications.

Mr Earner has been a Non-Executive Director of ASM since 2017 and is a member of ASM's Remuneration Committee, Risk Committee, Audit Committee and Nomination Committee.

Current listed Directorships also include Managing Director of Alkane Resources Ltd (since 2017). Past listed Directorships (previous three years) include Non-Executive Director of Genesis Minerals Ltd (2019 to 2021).

Gavin Murray Smith B.Com, MBA, MAICD - Non-Executive Director

Mr Smith is an accomplished senior executive and Non-Executive Director within multinational business environments. He has more than 35 years' experience in information technology, business development, and general management in a wide range of industries and sectors. As the Bosch Oceania Regional President, Mr Smith is the Managing Director of Robert Bosch Australia, and a Non-Executive Director of the various Bosch Subsidiaries and Joint Ventures in Australia and New Zealand. Mr Smith is member of the industry advisory boards of the CSIRO and the Victorian Skills Authority.

Mr Smith has been a Non-Executive Director of ASM since 2017 and is Chair of ASM's Remuneration Committee and Audit Committee, in addition to being a member of ASM's Risk Committee and Nomination Committee.

Current listed Directorships also include Non-Executive Director of Alkane Resources Ltd (since 2017).

Kerry Jo-Anne Gleeson LLB (Hons), FAICD - Non-Executive Director

Ms Gleeson is an experienced independent Non-Executive Director, Chair and Committee Member with over two decades of experience as a director, senior executive and board advisor of various ASX listed companies. Ms Gleeson has worked nationally and internationally across broad and complex industry sectors, including mining and resources, industrial and agrichemicals, manufacturing, transport and distribution and international education. Ms Gleeson is a qualified lawyer in both the UK and Australia, and spent 15 years in private practice, including as a partner of an English law firm, before emigrating to Melbourne and joining Blake Dawson Waldron (now Ashurst).

Ms Gleeson has been a Non-Executive Director of ASM since 2022 and is Chair of ASM's Risk Committee and Nomination Committee, in addition to being a member of ASM's Audit Committee and Remuneration Committee.

Current listed Directorships include Non-Executive Director of St Barbara Ltd (since 2015), Chair of St Barbara Ltd (since 2023) and Non-Executive Director of Chrysos Corporation Ltd (since 2021). Past listed Directorships (previous three years) include Non-Executive Director of New Century Resources Ltd (2020 to 2023).

Dennis Wilkins B.Bus - Joint Company Secretary

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd, a corporate advisory firm servicing the natural resources industry.

Since 1994 he has been a Director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. Since July 2001 Mr Wilkins has been running DWCorporate Pty Ltd, where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

Mr Wilkins has served as a Company Secretary of ASM since 2018.

Annaliese Eames LLB (Law) Joint Company Secretary and Chief Legal and External Affairs Officer

Ms Eames has more than 15 years of legal, commercial, strategic, and corporate governance experience. Her depth of knowledge covers large scale project contracting, corporate, finance and intellectual property law. Before joining ASM, Annaliese was Managing Counsel with BHP, and prior to this held a variety of roles with a range of companies in the mining industry.

Ms Eames has served as Joint Company Secretary since January 2023.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Nomination Committee		Risk Committee		Audit Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
I Gandel	15	15	1	1	4	4	3	3	4	4
R Smith	15	15	1	1	4	4	3*	3	3*	4
G Smith	15	15	1	1	4	4	3	3	4	4
N Earner	15	15	1	1	3	4	2	3	4	4
K Gleeson	15	15	1	1	4	4	3	3	4	4

Held: represents the number of meetings held during the financial year.

Directors are members of each committee unless otherwise noted.

*Indicates the director was an invitee only, and not a member of the committee.

Dividends

There were no dividends paid, recommended nor declared during the current or previous financial year.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Operating and Financial Review on pages 11 to 27 of this Annual Report.

Governance and Risk

The Group takes a pragmatic approach to risk management. The Directors provide oversight for risks and opportunities on a regular basis, ensuring that the Group's objectives and activities are aligned with our approach on how we manage these exposures.

ASM has a Risk Management Policy in place that guides the management of key business risks. In October 2022, the Directors approved a detailed System of Risk Management design and approach, RMS. The RMS framework sets the appropriate governance and provides a methodology for regular routines and tools to enable enterprise-wide management of threats and opportunities relevant to ASM's development, operations and strategic activities. The approach includes an implementation of an integrated technology platform to administer risks and event data. The platform will enable improved risk data transparency and reporting to management and the Board, for oversight and direction, as well as supporting an annual review of ASM's risk appetite.

The Group believes it is crucial for Directors to be part of this process and has an established Audit Committee and a Risk Management Committee with oversight of governance and risk activities.

For more information on ASM's approach to Risk Management and our Strategic Business Risks, see pages 48 to 57 of this Annual Report.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events since the end of the financial year

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Group intends to continue evaluation activities in relation to the Dubbo Project and progress the commercialisation of ASM's first metals plant in South Korea, in line with details provided in the Operating and Financial Review.

Refer to the Operating and Financial Review on pages 11 to 27 of this Annual Report for further detail on planned developments.

Environment Regulation

The Group is bound by the requirements and guidelines of the relevant environmental protection authorities for the management and rehabilitation of mining tenements owned or previously owned by the Group. Mining tenements are being maintained and rehabilitated in accordance with these guidelines. The Group is also bound by the requirements of its operating license in Korea. There have been no known breaches of any of these requirements and guidelines.

We continue to focus on ensuring positive relationships with regulators and local communities, and compliance with regulatory requirements in all jurisdictions in which we operate.

For a full review of ASM's environmental and social initiatives, refer to pages 30 to 47 of this Annual Report.

Corporate

Capital Raising

On 17 April 2024, ASM successfully completed a $15 million share Placement (before costs) to institutional investors. The Placement comprised the issue of

12,931,035 fully paid ordinary shares (New Shares) in ASM at an offer price of $1.16 per share, along with one (1) free-attaching Option for every one (1) New Share subscribed for.

Following successful completion of the Placement, on 3 June 2024 ASM completed a pro rata, non-renounceable Entitlement Offer. The Entitlement Offer provided eligible shareholders the opportunity to apply to receive one (1) fully paid ordinary share in ASM for every 40 fully paid ordinary shares held in the Company at an issue price of A$1.16. Participants in the Entitlement Offer were issued one (1) free attaching Option for every one (1) Entitlement Offer Share issued to them under the Entitlement Offer. The Company received subscriptions for 1,410,541 Entitlement Offer Shares and 1,410,541 Entitlement Offer Options, totalling approximately $1.6 million. All ASM Directors participated in the Entitlement Offer, taking up their full entitlements.

A combined total of 14,341,576 shares were issued under the Placement and Entitlement Offer.

Funds raised were primarily allocated towards demonstration of required ASM co-commitments to enable government funding for critical path items associated with taking ASM to final investment decision regarding the Dubbo Project and provide general working capital.

KDB loan renegotiation

In the final Quarter of FY24, the Group successfully executed two Korean loan facilities totalling ₩15 billion Korean Won (A$16.4 million[1]), refinancing existing Korean loan facilities associated with the Group's Korean Metals Plant (KMP). The loan facilities are held with the Korea Development Bank (₩12 billion Korean Won) and Hana Bank (₩3 billion Korean Won).

Appointment of Chief Operations Officer

Mr Chris Jordaan was appointed to the position of Chief Operations Officer (COO) on 24 August 2023. Mr Jordaan has more than 30 years' experience in operational and corporate leadership roles in the petrochemical, processing and mining industries in South Africa, Australia and Papua New Guinea. Prior to accepting the COO role, Mr Jordaan was President and CEO of Superior Gold, a gold mining company listed on the Toronto Stock Exchange. He has also held senior leadership roles within Newcrest Mining, BHP and several South African based companies.

Appointment of Chief Financial Officer

Mr Stephen Motteram was appointed to the position of Chief Financial Officer on 22 January 2024. Mr Motteram is a senior finance executive with more than 20 years of international experience in banks and commodities trading firms, including Noble Group and National Australia Bank. His extensive experience covers project development, capital raising, financial control, contract negotiations, investment analysis, mergers, acquisitions, and treasury operations. He has held non-executive director positions on various listed and unlisted natural resources companies, with projects in Australia, Asia, Africa, Jamaica, the UK and Brazil. Mr Motteram succeeded Mr Jason Clifton, who resigned in November 2023 to pursue a new opportunity.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

[1] Exchange rate (A$: ₩) – 0.0011

Remuneration Report (audited)

The directors present the Australian Strategic Materials Limited 2024 Remuneration Report, outlining key aspects of our remuneration policy, framework and remuneration awarded this year.

The report is structured as follows:

a) key management personnel (KMP) covered in this report;
b) remuneration policy and link to performance;
c) elements of remuneration;
d) link between remuneration and performance;
e) remuneration expenses for KMP;
f) contractual arrangements with executive KMP;
g) non-executive director arrangements; and
h) other statutory information.

a) Key management personnel (KMP) covered in this report

Details of KMP of the Company and their movements during the year ended 30 June 2024 are set out below:

Name	Position	Term as KMP
Non-Executive Directors		
I Gandel	Non-executive Chairman	Full financial year
G Smith	Non-executive Director	Full financial year
N Earner	Non-executive Director	Full financial year
K Gleeson	Non-executive Director	Full financial year
Executive Directors and other KMP		
R Smith	Managing Director and Chief Executive Officer	Full financial year
C Jordaan	Chief Operating Officer	Appointed 24 August 2023
S Motteram	Chief Financial Officer	Appointed 22 January 2024
J Clifton	Chief Financial Officer	Resigned 10 November 2023

There have been no other changes to directors or KMP since the end of the reporting period.

b) Remuneration policy and link to performance

Our Remuneration Committee is made up of non-executive directors. The committee reviews and determines our Remuneration Policy and structure annually to ensure it remains aligned to the business needs of the Company and meets our remuneration principles. From time to time, the committee also engages external consultants to assist with this review, see page 74 for further information. In particular, the committee aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- align to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The Remuneration Committee at the date of this report included G Smith (Chair), K Gleeson, N Earner, and I Gandel with R Smith as an invitee. The committee operates in accordance with the Remuneration Committee Charter which is available on ASM's website: asm-au.com.

Our remuneration framework aims to achieve a balance between fixed and performance related components such that it incentivises a high performing executive team. The following table illustrates the components of the remuneration for executives based on maximum short term incentive (STI) and long term incentive (LTI) opportunities for Financial Year 2024 (FY24) and prospectively for Financial Year 2025 (FY25).

Remuneration framework				
Element	Purpose	Performance metrics	Potential value	Changes for FY25
Total fixed remuneration (TFR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at market rate	No change
Short term incentive (STI)	Reward for in-year performance, retention via STI performance rights which vest subject to performance conditions being met per the annual performance scorecard	Aligned with weighted performance scorecard set for the financial year	CEO: 30% of TFR Execs: 30% of TFR	CEO: 80% of TFR Execs: 50% of TFR with half of the performance rights meeting the performance conditions vesting after conclusion of the performance period and vesting of remaining half deferred until 24 months after conclusion of performance period.
Long term incentive (LTI)	Alignment to long-term shareholder value	Three year relative total shareholder return (TSR) performance	CEO: 80% of TFR Execs: 30% of TFR	CEO: 80% of TFR Execs: 50% of TFR

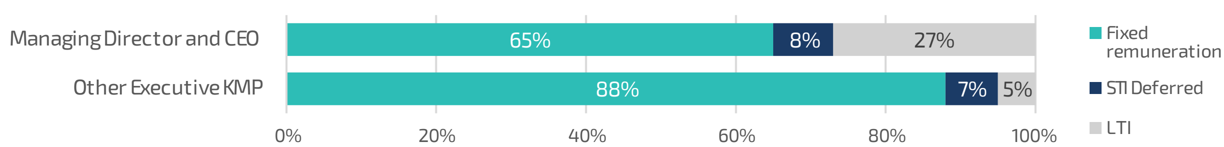
Balancing short-term and long-term performance

Annual incentives are set at a maximum range between 30% and 80% of fixed remuneration, in order to drive performance without encouraging undue risk-taking. From FY25 the structure of the annual incentives will be changed to increase the maximum value of award and also to provide that half of the performance rights which meet performance conditions will vest 12 months after the conclusion of the performance period and vesting of the remaining half is deferred until 24 months after the conclusion of the performance period. These changes align with market practice and also encourage executive talent retention.

Long-term incentives are assessed over a three-year period and are designed to promote long-term stability in shareholder returns.

The target remuneration mix for FY24 is shown in the table below. It reflects the STI opportunity for the current year that will be available if the performance conditions are satisfied at target, and the value of the LTI performance rights granted during the year, as determined at the grant date.

Total remuneration mix for FY2024



Assessing performance and claw-back of remuneration

The Remuneration Committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives detailed reports on performance from management which are based on independently verifiable data such as financial measures, market share and data from independently run surveys.

In the event of serious misconduct or a material misstatement in the Company's financial statements, the Remuneration Committee can recommend to the Board that it cancel or defer performance-based remuneration and the Board may also claw back performance-based remuneration in previous financial years.

c) Elements of remuneration

i) Total fixed annual remuneration (TFR)

Executives may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance, car allowances and advisory services. TFR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The Remuneration Committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

Superannuation is included in the TFR for all executives. TFR for new executive KMPs recruited during FY24 was aligned with median levels of comparative roles, and no fixed increase was given to any other executive KMP.

ii) Short term incentives (STI) FY24

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Maximum opportunity</td><td>CEO and other executives: 30% of fixed remuneration.</td></tr>
<tr><td>Performance metrics</td><td>The STI metrics align with our strategic priorities being market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.
<table>
<tr><th>Metric and Targets Band</th><th>Weighting</th></tr>
<tr><td>Cash management 30 June cash balance</td><td>25%</td></tr>
<tr><td>Korean Metals Plant production (NdFeB tonnes or metal tonnes produced)</td><td>15%</td></tr>
<tr><td>Secure supply agreement for rare earth oxide (REO) feedstock for Korean Metals Plant</td><td>20%</td></tr>
<tr><td>Dubbo Project binding offtake commitment agreed</td><td>30%</td></tr>
<tr><td>Sustainalytics rating movement through delivery of ESG improvements</td><td>10%</td></tr>
</table>
</td></tr>
<tr><td>Delivery of STI</td><td>Award issued as vested performance rights based on weighted performance metrics during FY24.</td></tr>
<tr><td>Board discretion</td><td>The Board has the discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any STI award.</td></tr>
</table>

iii) Long term incentives (LTI)

Executives participate, at the Board's discretion, in the LTI plan comprising annual grants of performance rights which are subject to a three year Total Shareholder Return (TSR) performance condition. Structure of the long-term incentive plan is shown in the table below.

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Maximum opportunity</td><td>CEO: up to 80% of fixed remuneration; other executives: up to 30% of fixed remuneration.</td></tr>
<tr><td>Performance metrics</td><td>Vesting of LTI performance rights is linked to the long-term share price in 2026 and weighted based on share price performance at that time.
<table>
<tr><th>Metric - Weighting Band</th><th>0%</th><th>50%</th><th>100%</th></tr>
<tr><td>FY26 Share Price</td><td>$1.10</td><td>$2.20</td><td>$4.40</td></tr>
</table>
This is designed to focus executives on delivering sustainable long-term shareholder returns.</td></tr>
<tr><td>Share price measurement</td><td>Volume weighted average share price calculated over 10 trading days immediately following the release of the 2026 Full Year Statutory Financial Report.</td></tr>
<tr><td>Forfeiture and termination</td><td>Performance rights will lapse if performance conditions are not met. Performance rights will be forfeited on cessation of employment unless the Board determines that there is a qualifying reason.</td></tr>
</table>

d) Link between remuneration and performance

FY24 performance and impact on remuneration

Despite the challenges presented by the global critical minerals economy for emerging resource developers and producers, the Group maintained a steady performance throughout FY24. Management progressed the Group's funding strategy for the development of the Dubbo Project by securing letters of interest from global export credit agencies, progressed sales opportunities for the Korean Metals Plant supported by ongoing technical validation, advanced discussions with REO suppliers in the EU and US, progressed design optimisation and early establishment activities for the Dubbo Project and built our presence in prospective Dubbo Project offtake markets whilst delivering an ESG rating and closing cash balance both well above target. Despite progress in discussions and processes, sales for product from the Korean Metals Plant has been slower than expected and no binding offtake commitment for the Dubbo Project was concluded. For more information on strategic priorities and FY24 results, see the Operating and Financial Review on page 11 of this report.

Performance against key measures and impact on variable remuneration

Metric	Weighting	Performance	Impact on incentive award
STI	*35% of maximum STI awarded*		
Cash management 30 June cash balance	25%	Group cash forecast >$30m at year end.	Maximum achieved
Korean Metals Plant production (NdFeB tonnes or metal tonnes produced)	15%	ASM progressed a number of technical validation and commercial processes supported by sales of commercial samples. Production will ramp up as sale agreements are concluded.	Below threshold
Secure supply agreement for REO feedstock for Korean Metals Plant	20%	ASM advanced discussions and product quality assessments for REO supply with agreements to be concluded in alignment with production requirements.	Below threshold
Dubbo Project binding offtake commitment agreed	30%	Offtake discussions progressed and binding offtake commitment remains a key target.	Below threshold
Sustainalytics rating movement through delivery of ESG improvements	10%	Received a medium ESG Risk Rating (improved from previous high rating) from Morningstar Sustainalytics	Maximum achieved

As a result of the scorecard assessment and progress on the Dubbo Project funding strategy, the Board awarded executives 35% of their maximum short-term incentives. Executives received the benefits after satisfying the required service and performance conditions. These equity instruments had been granted under previously issued short-term incentive schemes.

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last four years, as required by the *Corporations Act 2001*[1]. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to all executives. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2024	2023	2022	2021
Loss for the year attributable to owners of Australian Strategic Materials Limited ($'000)	(25,175)	(26,303)	(24,257)	(809)
Basic loss per share (cents)	(15)	(17)	(17)	(1)
Increase / (decrease) in share price (%) on prior year	(29)	(68)	(56)	458

[1] ASM was first listed on the ASX in July 2020, therefore only four years are disclosed in the table above.

e) Remuneration expenses for executive KMP

The following table shows details of the remuneration expense recognised for the Group's non-executive directors and executive KMP for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Name	Year	Salary and fees	Non-monetary benefits	Annual and long service leave	Post-employment benefits[6]	Other[7]	Performance rights	Total
		$	$	$	$	$	$	$
Non-Executive Directors								
I Gandel	**2024**	**171,171**	**-**	**-**	**18,829**	**-**	**-**	**190,000**
	2023	171,946	-	-	18,054	-	-	190,000
G Smith	**2024**	**140,899**	**-**	**-**	**-**	**-**	**-**	**140,899**
	2023	140,899	-	-	-	-	-	140,899
N Earner	**2024**	**114,797**	**-**	**-**	**12,703**	**-**	**-**	**127,500**
Restated[8]	2023	115,247	-	-	12,253	-	-	127,500
K Gleeson	**2024**	**133,694**	**-**	**-**	**14,706**	**-**	**-**	**148,400**
	2023	134,299	-	-	14,101	-	-	148,400
Executive Directors and other KMP								
R Smith	**2024**	**582,600**	**7,756**	**62,757**	**27,399**	**-**	**376,967**	**1,057,479**
	2023	563,540	91,900	54,325	25,296	-	174,112	909,173
C Jordaan[1]	**2024**	**430,432**	**4,162**	**34,661**	**26,433**	**-**	**97,024**	**592,712**
	2023	-	-	-	-	-	-	-
S Motteram[2]	**2024**	**218,512**	**4,752**	**6,499**	**13,699**	**-**	**36,989**	**280,451**
	2023	-	-	-	-	-	-	-
J Clifton[3]	**2024**	**172,681**	**45,347**	**-**	**12,848**	**41,722**	**-**	**272,598**
	2023	474,707	7,049	18,841	25,296	-	170,226	696,119
D Woodall[4]	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	47,892	1,487	-	6,323	191,126	1,065,154	1,311,982
F Moon[5]	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2023	238,220	48,401	-	2,223	63,025	-	351,869
Total KMP remuneration expensed	**2024**	**1,964,786**	**62,017**	**103,917**	**126,617**	**41,722**	**510,980**	**2,810,039**
	2023	1,886,750	148,837	73,166	103,546	254,151	1,409,492	3,875,942

[1] C Jordaan was appointed as Chief Operating Officer effective 24 August 2023.

[2] S Motteram was appointed as Chief Financial Officer effective 22 January 2024.

[3] J Clifton resigned as Chief Financial Officer effective 10 November 2023.

[4] D Woodall resigned as Managing Director effective 15 July 2022.

[5] F Moon resigned as President Asia effective 28 February 2023.

[6] Post-employment benefits are provided through superannuation contributions and national pension scheme.

[7] Other benefits consists of employee termination benefits including leave entitlements.

[8] N Earner 2023 remuneration revised to include the committee member fees for Risk and Audit Committees paid in September 2024.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – STI and LTI	
	2024	2023	2024	2023
Non-Executive Directors				
I Gandel	100%	100%	-	-
G Smith	100%	100%	-	-
N Earner	100%	100%	-	-
K Gleeson	100%	100%	-	-
Executive Directors and other KMP				
R Smith	64%	81%	36%	19%
C Jordaan	84%	-	16%	-
S Motteram	87%	-	13%	-
J Clifton	100%	76%	-	24%
D Woodall	-	100%	-	-
F Moon	-	100%	-	-

f) Contractual arrangements with executive KMP

Component	CEO	Executive KMP
Total Fixed Remuneration	$610,000	Between $520,000 and $530,000
Contract duration	Ongoing	
Notice by individual / company (without cause)	3 months	
Termination of employment (without cause)	Additional 3 months payment STI and LTI become vested and exercisable subject the terms of the applicable employee incentive arrangements	
Termination of employment by company (with cause)	Immediate with no notice period STI and LTI forfeited on cessation of employment	

Different contractual terms apply to the following individual:

- R Smith's inception contract included a sign on issue of performance rights, these rights were issued on 5 July 2021 and included in remuneration disclosure on page 73.

g) Non-executive director arrangements

Non-executive directors receive a board fee and fees for chairing or participating on board committees, see table below. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The chairman does not receive additional fees for participating in or chairing committees.

Fees are reviewed annually by the Board taking into account comparable roles and market data provided by the Board's independent remuneration adviser. The current base fees did not change from the previous financial year.

The maximum annual aggregate directors' fee pool limit is $950,000 and was approved by shareholders at the annual general meeting on 30 November 2021.

	Board	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
	$	$	$	$	$
Chairman of the Board[1]	190,000	-	-	-	-
Other Non-Executive Directors	103,000	-	-	-	-
Committee Chair	-	14,400	14,400	15,000	15,000
Committee Member	-	8,500	8,500	7,500	-

[1] Inclusive of committee work.

All non-executive directors enter into a service agreement with the Company which summarises the board policies and terms, including remuneration, relevant to the office of the director.

h) Other statutory information

i) Performance based remuneration granted and forfeited during the year

Table below shows for each KMP the value of performance rights that were awarded, forfeited and granted during FY24. The number of options and deferred shares and percentages vested/forfeited for each grant are disclosed in section (iii) on page 73 below.

2024	Total STI			LTI Performance Rights	
	Total opportunity	Awarded	Forfeited	Value granted[1]	Value exercised
	$	%	%	$	$
R Smith	253,706	35%[2]	65%[2]	408,145	-
C Jordaan[3]	172,508	35%[2]	65%[2]	109,939	-
S Motteram[3]	61,761	35%[2]	65%[2]	46,117	-
Total	**487,975**			**564,201**	**-**

[1] The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of performance rights granted during the year as part of remuneration.

[2] STI granted for FY24 were measured based on performance criteria subsequent to the year end with 35% awarded and 65% forfeiture during July 2024.

[3] Total opportunity was issued pro-rata from appointment date. C Jordaan was appointed on 24 August 2023, and S Motteram was appointed on 22 January 2024.

ii) Terms and conditions of the share-based payment arrangements

Options of KMP

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% Vested
16/06/2021	12/07/2024	12/07/2024	$6.36	$3.90	Options lapsed upon cessation of employment in November 2023[1]	n/a
16/06/2021	12/07/2026	12/07/2026	$6.36	$3.90		n/a

[1] J Clifton resigned as Chief Financial Officer effective 10 November 2023

The number of options over ordinary shares in the Company provided as remuneration to KMP is shown in section (iii) below. The options carry no dividend or voting rights.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the 30 trading days prior to the date of commencement of employment.

Performance rights of KMP

Rights to deferred shares under the executive STI and LTI scheme are granted during the year. Shares vest proportionally subject to performance conditions after one year (for STI) or relative to TSR after three years (for LTI) from the grant date. On vesting, each right is convertible into one ordinary share. The executives do not receive any dividends and are not entitled to vote in relation to the rights during the vesting period. If an executive ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

The fair value is measured using the Monte Carlo valuation method for LTI and Binominal Tree valuation method for STI at the grant date of the performance rights. Refer to the disclosure in Note [26] for the key variables used in the valuation for each performance rights and options granted to KMP during the year ended 30 June 2024.

Grant date	Vesting date	Grant date value
22 June 2021	5 July 2024	$6.40
22 June 2021	5 July 2026	$6.40
19 December 2022	30 June 2025	$0.64
23 November 2023	30 June 2024	$1.53
23 November 2023	30 June 2026	$0.92
29 November 2023	30 June 2024	$1.40
29 November 2023	30 June 2026	$0.80
30 May 2024	30 June 2024	$0.99
30 May 2024	30 June 2026	$0.40

iii) Reconciliation of options and performance rights

The number of options held during the financial year by directors and key management personnel of the Company, including their personally related parties, is set out below.

	Balance at the start of the year	Received during the year as part of remuneration	Forfeited / lapsed	Net change other[4]	Balance at the end of the year
Non-Executive Directors					
I Gandel	-	-	-	847,410	847,410
G Smith	-	-	-	2,213	2,213
N Earner	-	-	-	4,184	4,184
K Gleeson	-	-	-	723	723
Executive Directors and other KMP					
R Smith	-	-	-	419	419
C Jordaan[1]	n/a	-	-	-	-
S Motteram[2]	n/a	-	-	102,500	102,500
J Clifton[3]	125,248	-	(125,248)	-	n/a

[1] C Jordaan was appointed as Chief Operating Officer effective 24 August 2023.

[2] S Motteram was appointed as Chief Financial Officer effective 22 January 2024.

[3] LTI options were issued to J Clifton as sign-on incentives for the commencement of his employment on 16 June 2021. 50% will vest and be exercisable after three years and 50% will vest and be exercisable after five years. The options had a service condition only and there were no performance conditions associated with them. J Clifton resigned effective 10 November 2023. Under the employee contract, options lapsed upon cessation of employment.

[4] "Net change other" for others represents options purchased by directors and other KMP as part of ASM capital raising activities during FY24.

The number of performance rights held during the financial year by directors and key management personnel of the Company, including their personally related parties, is set out below. No non-executive directors hold any performance rights.

Name	Year granted	Balance at the start of the year	Granted during the year	Performance rights Vested		Performance rights Forfeited / Lapsed		Balance at the end of the year (unvested)	Maximum value yet to vest[3]
		Number	Number	Number	%	Number	%	Number	$
R Smith	2021 - LTI	54,714[1]	-	-	-	-	-	54,714	350,170
	2023 - LTI	265,390	-	-	-	-	-	265,390	169,850
	2023 - STI	47,844	-	(16,746)	35	(31,098)	65	-	-
	2024 - LTI	-	443,636	-	-	-	-	443,636	408,145
	2024 - STI	-	166,363	-	-	-	-	166,363	253,704
C Jordaan	2024 - LTI	-	137,424	-	-	-	-	137,424	109,939
	2024 - STI	-	123,220	-	-	-	-	123,220	172,508
S Motteram	2024 - LTI	-	115,292	-	-	-	-	115,292	46,117
	2024 - STI	-	62,385	-	-	-	-	62,385	61,761
J Clifton[2]	2023 - LTI	86,705	-	-	-	(86,705)	100	-	-
	2023 - STI	41,512	-	(14,530)	35	(26,982)	65	-	-
	2024 - LTI	-	-	-	-	-	-	-	-
	2024 - STI	-	-	-	-	-	-	-	-

[1] LTI's performance rights were issued to R Smith as sign-on incentives for the commencement of her employment. 50% will vest after three years and 50% will vest after five years. The performance rights had a service condition, and there are no performance conditions associated with these rights.

[2] J Clifton resigned as Chief Financial Officer effective 10 November 2023. All performance rights were lapsed upon cessation of employment.

[3] The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. The minimum value of performance rights yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

Assessing performance and claw-back of remuneration

The Board has ultimate discretion to adjust the STI and LTI outcomes upwards or downwards (including zero), in exceptional circumstances, where the STI and LTI generated outcomes are inconsistent with the Company's performance or resulted in misalignment with shareholders (e.g. fatality, financial misstatement, misconduct, reputational damage, etc.). If the Board determines an executive has acted dishonestly, fraudulently or is breach of their obligations they may determine that any unvested or vested but unexercised performance rights will lapse.

iv) Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Received on vesting of performance rights to shares	Net change other[3]	Balance at the end of the year
Non-Executive Directors				
I Gandel	33,896,248	-	847,410	34,743,658
G Smith	88,459	-	2,213	90,672
N Earner	167,342	-	4,184	171,526
K Gleeson	28,902	-	723	29,625
Executive Directors and other KMP				
R Smith	-	16,746	419	17,165
C Jordaan[1]	n/a	-	-	-
S Motteram[2]	n/a	-	102,500	102,500
J Clifton[3]	-	14,530	(14,530)	n/a

[1] C Jordaan was appointed as Chief Operating Officer effective 24 August 2023.

[2] S Motteram was appointed as Chief Financial Officer effective 22 January 2024.

[3] J Clifton resigned as Chief Financial Officer on 10 November 2023. "Net change other" for Mr Clifton reflects the number of shares no longer disclosable after resignation. "Net change other" for others includes shares subscribed for as part of ASM capital raising activities during FY24.

v) Remuneration Strategy FY25

In February 2024, the Remuneration Committee engaged Loftswood to provide market data on pay levels and variable compensation. Loftswood was not engaged to, nor provided, a remuneration recommendation as defined under the *Corporations Act 2001* (Cth). Following consideration of this market data, the Board (other than Ms Smith who excused herself due to a personal interest) approved changes to its remuneration strategy to align with market practice and also encourage executive talent retention.

vi) Voting of shareholders at last year's Annual General Meeting

Australian Strategic Materials Limited received more than 96% of "yes" votes on its Remuneration Report for the 2023 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This concludes the Remuneration Report, which has been audited.

Indemnity and insurance of officers

During the financial year, the Company paid a premium in respect of a contract to insure the Directors, officers and company secretaries of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has entered into deeds of indemnity, access and insurance (Deeds) with each of the Directors. These Deeds remain in effect as at the date of this report. Under the Deeds, the Company indemnifies each Director to the maximum extent permitted by law against legal proceedings or claims made against or incurred by a Director in connection with being a Director of the Group or breach by the Group of its obligations under a Deed.

No liability has arisen under this indemnity as at the date of this report.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Audit and non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors, in accordance with advice provided by the Audit Committee, are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' Report.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

The Financial Report has been prepared in Australian dollars and all values are rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Rowena Smith

Rowena Smith
Managing Director and CEO
30 September 2024

Auditor's Independence Declaration

As lead auditor for the audit of Australian Strategic Materials Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Strategic Materials Limited and the entities it controlled during the period.

Ian Campbell
Partner
PricewaterhouseCoopers

Perth
30 September 2024

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Financial Report

Financial Statements Contents

30 June 2024

General information

The financial statements cover Australian Strategic Materials Limited as a Group consisting of Australian Strategic Materials Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Australian Strategic Materials Limited's functional and presentation currency.

Australian Strategic Materials Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Australian Strategic Materials Limited
Level 4, 66 Kings Park Road, West Perth, Western Australia

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the directors on 30 September 2024. The directors have the power to amend and reissue the financial statements.

Australian Strategic Materials Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Revenue	3	3,106	4,441
Cost of sales		(2,497)	(4,268)
Gross profit		609	173
Other income		2,556	1,754
Expenses			
Operating expenses	4	(7,223)	(8,936)
Professional fees and consulting services		(1,704)	(1,798)
Employee remuneration		(8,837)	(8,166)
Share-based payments	27	(488)	(1,529)
Directors fees and salaries		(1,260)	(1,234)
General and administration expenses		(4,317)	(4,633)
Pastoral company expenses		(953)	(1,209)
Depreciation and amortisation expense		(1,756)	(1,799)
Fair value movement in biological assets		(899)	(1,007)
Finance costs	5	(879)	(884)
Net foreign exchange gain		4	567
Loss before income tax (expense)/benefit		(25,147)	(28,701)
Income tax (expense)/benefit	6	(28)	2,398
Loss after income tax (expense)/benefit for the year		(25,175)	(26,303)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Gain/(Loss) on translation of foreign operations		(1,592)	1,113
Items that will not be reclassified subsequently to profit or loss		-	-
Remeasurements of net defined benefit plan		(157)	35
Other comprehensive income/(loss) for the year, net of tax		(1,749)	1,148
Total comprehensive loss for the year		(26,924)	(25,155)
Loss for the year is attributable to:			
Non-controlling interest		(28)	(31)
Owners of Australian Strategic Materials Limited		(25,147)	(26,272)
		(25,175)	(26,303)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(28)	(31)
Owners of Australian Strategic Materials Limited		(26,896)	(25,124)
		(26,924)	(25,155)
		Cents	**Cents**
Basic loss per share	29	(15)	(17)
Diluted loss per share	29	(15)	(17)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Australian Strategic Materials Limited

Consolidated balance sheet

As at 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Assets			
Current assets			
Cash and cash equivalents	7	47,602	56,655
Trade and other receivables	8	1,298	4,251
Inventories	9	17,750	25,447
Biological assets	10	379	962
Total current assets		67,029	87,315
Non-current assets			
Property, plant and equipment	11	68,171	66,700
Intangible assets	13	1,454	2,538
Exploration and evaluation assets	12	121,214	109,340
Biological assets	10	925	1,089
Other assets		172	238
Total non-current assets		191,936	179,905
Total assets		258,965	267,220
Liabilities			
Current liabilities			
Trade and other payables	14	4,803	3,394
Interest bearing liabilities	15	16,531	17,295
Provisions	16	592	464
Unearned revenue	17	11,221	2,525
Total current liabilities		33,147	23,678
Non-current liabilities			
Interest bearing liabilities	15	324	410
Deferred tax	6	18,075	18,096
Provisions	16	2,825	2,842
Unearned revenue	17	-	6,232
Total non-current liabilities		21,224	27,580
Total liabilities		54,371	51,258
Net assets		204,594	215,962
Equity			
Issued capital	18	281,462	268,316
Other equity	19	1,922	-
Reserves	20	13,752	15,013
Accumulated losses		(92,560)	(67,413)
Equity attributable to the owners of Australian Strategic Materials Limited		204,576	215,916
Non-controlling interest		18	46
Total equity		204,594	215,962

The above consolidated balance sheet should be read in conjunction with the accompanying notes

Australian Strategic Materials Limited

Consolidated statement of changes in equity

For the year ended 30 June 2024

Consolidated	Note	Issued capital $'000	Other equity $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022		228,425	-	12,336	(41,141)	77	199,697
Loss after income tax benefit for the year		-	-	-	(26,272)	(31)	(26,303)
Other comprehensive income for the year, net of tax		-	-	1,148	-	-	1,148
Total comprehensive income/(loss) for the year		-	-	1,148	(26,272)	(31)	(25,155)
Contributions of equity, net of transaction costs	18	39,776	-	-	-	-	39,776
Share-based payments	27	-	-	1,529	-	-	1,529
Deferred tax recognised in equity		115	-	-	-	-	115
Balance at 30 June 2023		268,316	-	15,013	(67,413)	46	215,962

Consolidated	Note	Issued capital $'000	Other equity $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2023		268,316	-	15,013	(67,413)	46	215,962
Loss after income tax expense for the year		-	-	-	(25,147)	(28)	(25,175)
Other comprehensive loss for the year, net of tax		-	-	(1,749)	-	-	(1,749)
Total comprehensive loss for the year		-	-	(1,749)	(25,147)	(28)	(26,924)
Contributions of equity, net of transaction costs	18, 19	13,097	1,922	-	-	-	15,019
Share-based payments	27	-	-	488	-	-	488
Deferred tax recognised in equity		49	-	-	-	-	49
Balance at 30 June 2024		281,462	1,922	13,752	(92,560)	18	204,594

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Australian Strategic Materials Limited

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash flows from operating activities			
Receipts from customers		4,001	4,218
Payments to suppliers and employees		(24,822)	(40,036)
		(20,821)	(35,818)
Interest received		2,027	1,161
Other income		3,188	378
Finance costs paid		(16)	(26)
Net cash outflow from operating activities	21	(15,622)	(34,305)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,103)	(3,220)
Payments for exploration and evaluation		(12,953)	(7,517)
Payments for the purchase of biological assets		(230)	(1,532)
Payments for patents		(108)	-
Proceeds from government grants received		7,702	4,292
Net cash outflow from investing activities		(7,692)	(7,977)
Cash flows from financing activities			
Proceeds from issue of shares	18, 19	16,647	41,085
Share issue transaction costs		(1,576)	(1,309)
Payments of interest		(726)	(715)
Net cash inflow from financing activities		14,345	39,061
Net decrease in cash and cash equivalents		(8,969)	(3,221)
Cash and cash equivalents at the beginning of the financial year		56,655	60,220
Effects of exchange rate changes on cash and cash equivalents		(84)	(344)
Cash and cash equivalents at the end of the financial year	7	47,602	56,655

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the consolidated financial statements

30 June 2024

Note 1. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Accounting policies

Material accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. Where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group’s accounting policies that are no longer disclosed in the financial statements.

Key estimates and judgements

In the process of applying the Group’s accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:
Note 6 'Income tax'
Note 9 'Inventories'
Note 11 'Property, plant and equipment'
Note 12 'Exploration and evaluation assets'
Note 16 'Provisions'
Note 27 'Share-based payments'

New or amended Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of any new or amended Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Reclassifications of items in the financial statements

Minor reclassifications of items in the financial statements of the previous period have been made in accordance with the classification of items in the financial statements for the year ended 30 June 2024.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

The Group has cash outflows from operating activities of $15.6 million and investing activities of $7.7 million for the year ended 30 June 2024 (30 June 2023: cash outflows from operating activities of $34.3 million and investing activities of $8.0 million). At 30 June 2024, the Group had cash on hand of $47.6 million (30 June 2023: $56.7 million). The Group has net working capital as at 30 June 2024 of approximately $33.9 million and outstanding commitments of $17.4 million relating to Korean Metals Plant feedstock supply and equipment, Dubbo flow sheet optimisation and design, Dubbo land acquisitions, and exploration obligations (refer Note 24).

Based on the Group's cash flow forecast, the Group will require additional funding to enable the Group to continue to realise its strategic business activities and meet all associated corporate, exploration, construction and development commitments.

Note 1. Basis of preparation (continued)

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group:

- Continuing to source new customers for sale of product produced from the Korean Metals Plant and offtake agreements for the Dubbo Project.
- Refinancing the borrowings of $16.4 million from two Korean banks.
- Raising additional equity capital. The Directors are of the view that the Group will be able to raise further equity capital as they were successful in raising $41.1 million in November 2022 and $16.6 million in June 2024 (before costs).
- Obtaining project funding for the Dubbo Project. ASM continues to engage with global banks, export credit agencies and government agencies to progress funding options for the project. Current activities include:
    - Evaluating applications for the Australian Critical Minerals Fund (CMF), the National Reconstruction Fund (NRF) and US Department of Defence funding.
    - Satisfying Export Finance Australia (EFA) conditions precedent to access $200 million in finance support for the Dubbo Project as announced on 28 June 2021.
    - Satisfying US EXIM non-binding and conditional Letter of Interest (LoI) due diligence requirements to access US$32 million in pre-construction finance support for the Dubbo Project as announced on 25 March 2024.
    - Satisfying US EXIM non-binding and conditional Letter of Interest (LoI) due diligence requirements to access US$600 million in construction finance support for the Dubbo Project as announced on 21 March 2024.
    - Satisfying Export Development Canada (EDC) non-binding and conditional Letter of Interest (LoI) due diligence requirements by 25 April 2025 to access up to $400 million in finance support for the Dubbo Project as announced on 26 April 2024.

As a result of the above, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the Directors believe that the Group will be successful in the above matters and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the biological assets and Korean pensions benefit which are measured at fair value.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, balance sheet and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Basis of preparation (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Operating segments

Description of segments
The Group identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance in determining the allocation of the resources. The operating segments of the Group are:

Note 2. Operating segments (continued)

- Corporate: which includes corporate activities.
- Dubbo Project: which includes the evaluation and feasibility of the Dubbo project and the Pastoral company.
- Korea: which includes the Korean Metals Plant and research and development activities.

Recognition and measurement

The accounting policies used by the Group in reporting segments internally are the same as those contained throughout the notes to the financial statements and in the prior period.

Intersegment transactions were made at market rates. Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non market interest are not adjusted to fair value based on market interest rates. Intersegment loans and transactions are eliminated on consolidation.

Operating segment information

The table below shows segment information provided to the executive management team for the reportable segments for the year ended 30 June 2024:

Consolidated 30 June 2024	Corporate $'000	Dubbo Project $'000	Korea $'000	Consolidated $'000
Total segment revenue	-	1,532	1,574	3,106
Total segment result	(7,917)	(1,137)	(16,121)	(25,175)
Total segment assets	50,007	155,189	53,769	258,965
Total segment liabilities	17,048	7,978	29,345	54,371
Additions to non-current segment assets	2	12,162	5,087	17,251
Consolidated 30 June 2023				
Total segment revenue	-	1,447	2,994	4,441
Total segment result	(8,008)	(1,888)	(16,407)	(26,303)
Total segment assets	52,699	148,676	65,845	267,220
Total segment liabilities	19,328	3,918	28,012	51,258
Additions to non-current segment assets	-	9,208	3,653	12,861

Note 3. Revenue

Recognition and measurement

The Group derives revenue from the sale of metal products and biological assets, which is governed by sales contracts with customers. Revenue is recognised in relation to sales at the time control transfers to the customers at the date of loading and shipment. Sales are made under ex works incoterms, where the buyer is responsible for freight and shipping, and generally recognised at the point in time when the metals products are loaded onto a vehicle or vessel for shipment. For those sales not made under ex works incoterms, the revenue timing is upon the delivery of the products into the customer's control.

	Consolidated	
	2024 $'000	2023 $'000
Metal sales - Korea	1,574	2,994
Pastoral sales	1,532	1,447
	3,106	4,441

Note 4. Operating expenses

	Consolidated 2024 $'000	Consolidated 2023 $'000
Inventory write off	5,804	7,490
Other [i]	1,419	1,446
	7,223	8,936

[i] Other operating expenses include administration and general expenditure not capitalised with respect to the operation of the Korean Metals Plant.

Note 5. Finance costs

Recognition and measurement

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Finance costs for interest bearing liabilities

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Refer note 15 for further details.

Borrowing costs are expensed as part of finance costs in the period incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Refer note 15 for further details.

Provisions: unwinding of discount

The unwinding of the discount is recognised as a finance cost. Refer to note 16.

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Interest expense	15	769	780
Provisions: unwinding of discount	16	83	73
Finance charges for lease liabilities	15	27	31
		879	884

Note 6. Income tax

ASM and its wholly-owned Australian controlled entities implemented a tax consolidation group as of 21 July 2020 and the entities in the tax consolidated group have entered into a tax sharing agreement, which limits the joint and several liability of the wholly-owned entities in the case of a default by the Parent entity, Australian Strategic Materials Limited. The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Australian Strategic Materials Limited for any current tax payable assumed and are compensated by Australian Strategic Materials Limited for any current tax receivable.

Note 6. Income tax (continued)

Recognition and Measurement

Current taxes

The income tax expense/benefit for the year comprises current income tax expense/income and deferred income tax expense/income. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted at reporting date. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses if recognised.

Current and deferred income tax (expense)/benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred taxes

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or liability is settled. Deferred tax is credited in the consolidated statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that ASM will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

ASM determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

	Consolidated 2024 $'000	Consolidated 2023 $'000
(a) Income tax expense/(benefit)		
Increase in deferred tax assets	(4,988)	(4,096)
Increase in deferred tax liabilities	5,016	1,698
Total deferred tax expense/(benefit)	28	(2,398)

Note 6. Income tax (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable.		
Loss before income tax expense/(benefit)	(25,147)	(28,701)
Tax at the Australian tax rate of 30% (2023: 30%)	(7,544)	(8,610)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	223	464
Under provision in prior year	2,388	1,646
Non-assessable income	-	(690)
Other deductible costs	(196)	(147)
Subtotal	(5,129)	(7,337)
Foreign unrecognised loss - Korea	3,593	3,441
Tax rate differential on foreign income	1,564	1,498
Income tax expense/(benefit)	28	(2,398)

	Consolidated 2024 $'000	Consolidated 2023 $'000
(c) Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Tax losses	18,106	13,172
Accruals and provisions	297	240
Equity raising costs	542	505
Other	49	40
Offset against deferred tax liabilities	(18,994)	(13,957)
Deferred tax asset	-	-

Movements	Tax losses	Accruals and provisions	Equity raising costs	Other	Total
At 1 July 2022	8,787	499	301	159	9,746
(Charged)/credited to profit or loss	4,385	(259)	89	(119)	4,096
(Charged)/credited to equity	-	-	115	-	115
At 30 June 2023	13,172	240	505	40	13,957
(Charged)/credited to profit or loss	4,934	57	(12)	9	4,988
(Charged)/credited to equity	-	-	49	-	49
At 30 June 2024	18,106	297	542	49	18,994

Note 6. Income tax (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000
(d) Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Exploration	36,821	31,775
Property, plant and equipment	184	207
Other	64	71
Set-off of deferred tax asset	(18,994)	(13,957)
Deferred tax liability	18,075	18,096

Movements	Exploration	Property, plant and equipment	Other	Total
At 1 July 2022	30,238	113	4	30,355
(Charged)/credited to profit or loss	1,537	94	67	1,698
(Charged)/credited to equity	-	-	-	-
At 30 June 2023	31,775	207	71	32,053
(Charged)/credited to profit or loss	5,046	(23)	(7)	5,016
(Charged)/credited to equity	-	-	-	-
At 30 June 2024	36,821	184	64	37,069

	Consolidated 2024 $'000	Consolidated 2023 $'000
(e) Unused tax losses and temporary differences for which no tax asset has been recognised		
Deferred tax assets have been recognised in respect of the following and are stated as the tax rates applicable to the relevant statutory authority:		
Korean deductible temporary differences	3,758	3,133
Korean income tax losses	4,865	1,848
Total unrecognised deferred tax assets	8,623	4,981

Key judgements, estimates and assumptions

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required to determine the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. There are no uncertain tax matters at 30 June 2024 (30 June 2023: nil).

Note 7. Cash and cash equivalents

Recognition and measurement
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Cash at bank	47,602	56,655

Restricted cash
The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include $333,083, which is subject to Korean pension obligations and is not available for general use by the other entities within the Group.

Note 8. Trade and other receivables

Recognition and measurement
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Subsequently receivables are recognised at the amounts considered receivable (financial assets at amortised cost).

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Trade receivables	48	1,095
Prepayments	645	649
Non trade receivables	605	2,507
	1,298	4,251

The Group's exposure to various risks associated with financial instruments is discussed in note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Note 9. Inventories

Recognition and measurement
Inventory raw materials are physically measured and valued at the lower of cost and net realisable value. The cost of raw materials comprises the direct purchase costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Consumables relating to plant and equipment and farm supplies are recognised as inventory and measured at cost.

Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Note 9. Inventories (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current assets		
Toongi Pastoral Company supplies	184	156
Korea Materials [i]	17,566	25,291
	17,750	25,447

[i] Of the Korean materials inventory recorded at 30 June 2024, $15,996,000 (30 June 2023: $23,748,000) is recorded at net realisable value.

Amounts recognised in the profit or loss

Inventories recognised as an expense during the year ended 30 June 2024 amounted to $2,497,000 (30 June 2023: $4,268,000). These were included in the cost of sales in the consolidated statement of profit or loss and other comprehensive income.

Key judgements, estimates and assumptions

The Group's assessment of the net realisable value and classification of its inventory holdings requires the use of estimates, including the cost to complete. During the year, inventory writedowns of $5,804,000 occurred for raw materials or work in progress (30 June 2023: $7,490,000). These were recognised as an operating expense in the consolidated statement of profit or loss and other comprehensive income.

Note 10. Biological assets

Recognition and measurement

The Group recognises biological assets when, and only when, the Group controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the Group and the fair value or cost of the assets can be measured reliably. Expenditure incurred on biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell in terms. The gain or loss arising on initial recognition of such biological assets at fair value less costs to sell and from a change in fair value less costs to sell of biological assets are included in the consolidated statement of profit or loss and other comprehensive Income for the period in which it arises.

Biological assets are classified as current assets if they are to be sold within one year.

Biological assets comprise sheep and cattle owned by the Group's wholly owned subsidiary Toongi Pastoral Company Pty Ltd as part of farming operations on land surrounding the Dubbo Project mining lease.

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current assets		
Biological asset	379	962
Non-current assets		
Biological asset	925	1,089
	1,304	2,051

Note 10. Biological assets (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Reconciliation of carrying amount:		
Opening carrying amount	2,051	1,797
Purchase of livestock	198	1,380
Sale of livestock	(1,013)	(1,006)
Births	300	452
Losses	(44)	(55)
Transfers	45	(19)
Fair value movement of biological assets	(233)	(498)
Closing carrying amount	1,304	2,051

Fair value movement in biological assets:	Consolidated 2024 $'000	Consolidated 2023 $'000
Market value movement [i]	(1,246)	(1,505)
Biological transformation [ii]	45	(19)
Births	300	452
Attrition	(44)	(55)
Other	46	120
	(899)	(1,007)

[i] As a biological asset, AASB 141 *Agriculture* requires the livestock to be valued at fair value less costs to sell at all times prior to sale.

[ii] Biological transformation in accordance with AASB 141 *Agriculture*, includes reclassification of an animal as it moves from being a newborn calf, grows, ages, and progresses through the various stages to become a trading animal.

Note 11. Property, plant and equipment

Recognition and measurement

Buildings, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Land and other infinite useful life assets are stated at historical cost less any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Right of use assets

The Group leases various land, buildings, plant and equipment resulting in a right-of-use asset (ROU). Right-of-use assets are measured at cost and subsequently depreciated inline with the groups accounting policy of like assets. Cost comprising the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Any restoration costs.

Note 11. Property, plant and equipment (continued)

Depreciation

Depreciation is calculated using straight-line method over estimated useful life as follows:

Buildings	40 years
Plant and equipment	3-10 years

Depreciation is expensed as incurred, unless it relates to an asset or operation in the construction phase, in which it is capitalised.

Derecognition

An item of plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is no longer expected to bring about future economic benefits to the Group.

Any gain or loss from derecognising the asset is included in the profit or loss in the period the item is derecognised. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

Work in progress

The value of assets under construction is measured at the cost of the asset less impairment. The cost of the asset also includes the cost of assembly and replacement parts that are eligible for capitalisation. Depreciation does not commence until the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Note 11. Property, plant and equipment (continued)

Non-current assets	Land & Buildings $'000	Plant & Equipment $'000	Work in Progress $'000	Right of use Asset $'000	Total $'000
Balance at 1 July 2022	48,329	2,507	12,831	510	64,177
Additions	43	154	3,477	391	4,065
Disposals	(118)	(8)	(307)	(254)	(687)
Exchange differences	345	116	260	12	733
Transfers between classes	358	4,399	(4,757)	-	-
Changes in restoration and rehabilitation estimate	51	-	-	-	51
Depreciation expense	(766)	(743)	-	(130)	(1,639)
Balance at 30 June 2023	48,242	6,425	11,504	529	66,700
Cost or fair value	49,259	7,780	11,504	797	69,340
Accumulated depreciation	(1,017)	(1,355)	-	(268)	(2,640)
Balance at 30 June 2023	48,242	6,425	11,504	529	66,700
Balance at 1 July 2023	48,242	6,425	11,504	529	66,700
Additions	5	96	5,247	29	5,377
Disposals	-	-	(72)	(86)	(158)
Exchange differences	(591)	(245)	(662)	(18)	(1,516)
Transfers between classes	173	1,083	(1,256)	-	-
Changes in restoration and rehabilitation estimate	(255)	-	-	-	(255)
Depreciation expense	(815)	(1,130)	-	(32)	(1,977)
Balance at 30 June 2024	46,759	6,229	14,761	422	68,171
Cost or fair value	48,521	8,631	14,761	729	72,642
Accumulated depreciation	(1,762)	(2,402)	-	(307)	(4,471)
Balance at 30 June 2024	46,759	6,229	14,761	422	68,171

Key judgements, estimates and assumptions

The estimations of useful lives, residual value and depreciation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances impacting specific assets or groups of assets, such as changes to contract length or when an asset designation from idle to non-idle occurs. These changes are limited to specific assets and as such, any reasonably possible change in the estimate is unlikely to have a material impact on the estimations of useful lives, residual value or amortisation methods.

Impairment of property, plant and equipment

For the year ended 30 June 2024, the Group assessed whether there were any indicators of impairment. The Group's market capitalisation at 30 June 2024 was below its net assets and management considered this factor as an impairment indicator at 30 June 2024. Subsequent to 30 June 2024, the Group market capitalisation remained below the Group's net assets at the date of this report.

The recoverable amount of the Group's cash generating units (CGUs) was determined by calculating the higher of fair value less cost of disposal (FVLCD) and value in use (VIU).

Note 11. Property, plant and equipment (continued)

Summary of the impairment and method used to assess the impairment

The following table summarises the outcomes from impairment testing conducted across the Group's material non-current assets under AASB 136.

	Indicator for impairment testing		Valuation method used	
CGU	2024	2023	2024	2023
Korea	Yes	Yes	FVLCD	FVLCD
Dubbo	Yes	Yes	FVLCD	FVLCD

Key assumptions used

At 30 June 2024, estimates of recoverable amounts for non-current assets within the Korea CGU were prepared using the FVLCD method to assess whether impairments were required. Given the recent construction and commissioning of the KMP, the Group has determined FVLCD using the cost approach. This approach determines fair value with reference to the depreciated replacement cost of the assets adjusted for obsolescence. The Group has considered the risks of both technological and economic obsolescence in determining fair value and concluded that no such adjustment was required.

Separately, estimates of recoverable amounts for the Dubbo CGU were prepared using the FVLCD method, after the Group sourced independent valuations at 30 June 2024 to support the FVLCD estimates required for the applicable assets.

At 30 June 2024, no impairment expense was recognised (30 June 2023: Nil).

Note 12. Exploration and evaluation assets

Recognition and measurement

Exploration and evaluation costs include acquisition of rights to explore, and costs associated with exploration and evaluation in relation to separate areas of interest for which rights of tenure are current. The balance is carried as a non-current asset on the consolidated balance sheet where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable ore reserve. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the consolidated statement of profit or loss and other comprehensive income

No amortisation is charged during the exploration and evaluation phase. Payments for exploration and evaluation expenditure are recorded net of any government grants and partner contributions.

	Consolidated	
	2024 $'000	2023 $'000
Opening balance	109,340	104,225
Expenditure capitalised during the year [i]	14,080	7,416
R&D tax incentives on capitalised costs	(1,706)	(2,301)
Government grant [ii]	(500)	-
Closing balance	121,214	109,340

[i] Additions during the year ended 30 June 2024 related to Engineering, Procurement and Construction (EPC) Definition work, non-process infrastructure study work, metallurgical, engineering and project management.

[ii] During the year, the Group fully satisfied with the contributory grant criteria and reclassified the $500,000 awarded by Critical Minerals and High-Tech Metals Activation Fund from unearned revenue to offset against exploration and evaluation assets where the initial costs were incurred. Refer to note 17 for further details.

Note 12. Exploration and evaluation assets (continued)

Key judgements, estimates and assumptions

Key judgements are applied to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

Note 13. Intangible assets

Recognition and measurement

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Intellectual property (IP)	5,372	5,387
Less: Accumulated amortisation	(3,918)	(2,849)
	1,454	2,538

The intangible assets are related to the internally generated intellectual property, which was part of the acquisition of the Korean entities.

Note 14. Trade and other payables

Recognition and measurement

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the period which remains unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost.

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Trade payables	984	479
Accruals	3,015	2,201
Other payables	804	714
	4,803	3,394

Note 15. Interest bearing liabilities

Recognition and measurement

Initial recognition and measurement

Interest bearing liabilities are recognised initially at fair value, net of directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

Derecognition

An interest bearing liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Lease Liability [i]	110	137
Borrowings [ii]	16,421	17,158
	16,531	17,295
Non-current liabilities		
Lease liability [i]	324	410
	16,855	17,705

[i] As at 30 June 2024, the Group leased various assets under leases expiring within one to eight years. The interest rates are fixed and payable over a period of the lease term from the inception of the lease. These leases are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

[ii] On 11 June 2024, ASM refinanced two loan facilities with the Korean Development Bank (KDB) and Hana Bank in South Korea which are denominated in Korean Won (₩).

These new facilities comprise of:

- A fully drawn unsecured loan facility with Hana Bank of ₩3 billion (30 June 2024: equivalent to $3.3 million) due for full repayment in May 2025 (30 June 2023: Nil); and
- A fully drawn secured loan facility with KDB of ₩12 billion (30 June 2024: equivalent to $13.1 million) due for full repayment in June 2025 (30 June 2023: fully drawn unsecured ₩15 billion equivalent to $17.2 million).

ASM's held no other debt facilities at 30 June 2024.

Secured liabilities and assets pledged as security

The KDB loan facility is secured against KMP assets.

Fair value

For the majority of the borrowings, the fair values approximate their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Note 15. Interest bearing liabilities (continued)

The interest rate on a loan from Hana Bank is 3.952% and varies every 6 months. The interest rate on a loan from KDB is fixed at 6.32%.

Debt covenants
There are no debt covenants associated with the loan facilities.

Note 16. Provisions

Recognition and measurement

Provisions
Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results, and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee leave benefits
Provision is made for the Group's expected liability for future employee benefits arising from services rendered by employees up to reporting date.

Short-term employee benefits are expected to be settled wholly within 12 months after the end of the period in which employees render the related service, are recognised in respect of the employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The amounts are presented as current employee entitlements in the consolidated balance sheet.

The liability for long service leave is measured at the present value of the estimated future cash outflows to be made by the Group for those employees with greater than five years of service up to the reporting date. Long-term benefits not expected to be settled within 12 months are discounted by using rates attached to high quality corporate bonds at the end of the reporting period with terms that match, as closely as possible, the estimated future cash outflows. Related on-costs are also included in the liability.

Decommissioning and restoration
In accordance with the applicable legal and constructive obligations, a provision for site rehabilitation in respect of returning the land to its original state is recognised when land is disturbed.

Decommissioning and restoration costs are recognised in full based on the net present value of the estimated cost of decommissioning and restoring the environmental disturbance that has occurred up to the reporting date. To the extent that future economic benefits are expected to arise, these costs are capitalised and amortised over the remaining life of the mine and the provision is accreted periodically as the discounting of the liabilities unwinds. The unwinding of the discount is recorded as a finance cost.

Any changes in the estimates for the costs or other assumptions against the cost of relevant assets are accounted for on a prospective basis. In determining the costs for site restoration there is uncertainty regarding the nature and extent of restoration due to community expectations and future legislation.

Korean pensions benefit
The Group operates a defined benefit pension plan in Korea. A defined benefit plan determines the amount of pension benefits an employee will receive when they retire. The level of benefits provided depends on members' age, length of service and their salary up to retirement. The liability recognised in the consolidated balance sheet in respect of defined benefit plans is the present value of the defined benefit liability as of the end of the reporting period less the fair value of plan assets. The defined benefit liability is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit liability is calculated by discounting the expected future cash outflows at the rate of interest for high quality corporate bonds with similar payout timing and maturities.

The remeasurement component of the net defined benefit liability is recognised in the consolidated statement of profit or loss and other comprehensive income. When a scheme amendment, curtailment or settlement occurs, any gain or loss on past service cost or settlement is recognised in the consolidated statement of profit or loss and other comprehensive income.

Note 16. Provisions (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current liabilities		
Annual leave [i]	535	434
Long service leave	57	30
	592	464
Non-current liabilities		
Long service leave	80	49
Korean pensions benefit	692	476
Provision for decommissioning	2,053	2,317
	2,825	2,842
	3,417	3,306

[i] The current portion of annual leave liability includes all of the accrued annual leave. The provision amount of $535,000 (30 June 2023: $434,000) is presented as current since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current leave obligations expected to be settled after 12 months	267	217

Key judgements, estimates and assumptions

The Group assesses its decommissioning and restoration provision annually. Significant judgement is required in determining the provision for plant site rehabilitation and closure as there are many factors that could impact the ultimate liability payable to rehabilitate the Korean plant site including changes in legislation, technology or other circumstances. When these factors change or become known in the future, such differences will impact the decommissioning and restoration in the period in which the change becomes known.

Note 17. Unearned revenue

Recognition and measurement

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as an offset to the asset and is recognised in the consolidated statement of profit or loss and other comprehensive income on a systematic basis over the life of the asset. Where grant criteria are not fully satisfied a portion of the grant may be repaid subject to performance condition requirements.

Note 17. Unearned revenue (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current liabilities		
Government Grant - Australia [i]	5,720	2,525
Government Grant - Korea [ii]	5,501	-
	11,221	2,525
Non-current liabilities		
Government Grant - Korea [ii]	-	6,232
	11,221	8,757

[i] During the year ended 30 June 2024, cash grants were received from Federal and State governments for the following exploration and evaluation programs:

- Critical Minerals Development Program – ASM was awarded a contributory grant of $6,500,000 (net of GST) to progress the Dubbo Project's Engineering, Procurement and Construction (EPC) Definition activities with respect to non-process infrastructure. During the year ended 30 June 2024, a total of $3,445,000 (net of GST) was received (30 June 2023: an initial payment of $2,275,000 (net of GST)). Should any grant criteria not be fully satisfied a portion of the grant may be required to be repaid.
- Critical Minerals and High-Tech Metals Activation Fund – ASM was awarded a contributory grant of $500,000 (net of GST) to finalise the process flowsheet for the Dubbo Project's Heavy Rare Earths solvent extraction circuit. The first instalment of $250,000 (net of GST) was received in March 2023, followed by the remaining $250,000 received during the year ended 30 June 2024. ASM fully complied with the terms of the agreement and reclassified these funds under exploration and evaluation assets where the initial costs were capitalised. Refer to note 12.

[ii] Unearned revenue relates to a cash grant from the South Korean government to support the development of the Korean Metals Plant. Should any grant criteria not be fully satisfied by 31 December 2024 a portion of the grant may be required to be repaid.

Note 18. Issued capital

Recognition and measurement
Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Consolidated 2024 Shares	Consolidated 2023 Shares	Consolidated 2024 $'000	Consolidated 2023 $'000
Ordinary shares - fully paid	181,133,558	166,705,227	281,462	268,316

Note 18. Issued capital (continued)

Movements in ordinary shares	Number of shares	Total $'000
Opening balance 1 July 2022	141,956,062	228,425
Issue of shares on vesting of performance rights	1,000,000	-
Issue of shares for institutional placement	15,000,159	25,950
Issue of shares in accordance with share purchase plan	8,749,006	15,135
Less: transaction costs arising on share issue	-	(1,309)
Deferred tax credit recognised directly into equity	-	115
Balance 30 June 2023	166,705,227	268,316
Issue of shares on vesting of performance rights	86,755	-
Issue of shares for institutional placement	12,931,035	13,266
Issue of shares in accordance with entitlement offer	1,410,541	1,458
Less: transaction costs arising on share issue	-	(1,627)
Deferred tax credit recognised directly into equity	-	49
Balance 30 June 2024	181,133,558	281,462

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On 24 April 2024, the Company issued 12,931,035 institutional shares, followed by the issue of 1,410,541 shares under the entitlement offer on 3 June 2024 with attached options. A total of $16.6 million (before costs) was raised from institutional placement and the entitlement offer, as disclosed in Notes 18 and 19.

Note 19. Other equity

Listed options classed as other equity carry no voting rights or right to dividends:

Movements in listed options	Number of options	Total $'000
Opening balance 1 July 2022	-	-
Issue of placement options	-	-
Issue of option rights	-	-
Balance 30 June 2023	-	-
Issue of placement options[i]	12,931,035	1,733
Issue of option rights[ii]	1,410,541	189
Balance 30 June 2024	14,341,576	1,922

[i] On 24 April 2024, the Company completed a successful institution placement for shares, which included one free attached option for every share subscribed for under the placement. These options were approved at an extraordinary general meeting of the Company held on 19 June 2024.
[ii] On 24 April 2024, the Company invited its shareholders to participate in the entitlement offer where eligible shareholders might apply to one share for every 40 fully paid ordinary shares held with one free attaching option. This entitlement offer was finalised on 3 June 2024.

Note 19. Other equity (continued)

The call options issued for the year ended 30 June 2024 have been valued at the weighted average market price on the date of issue.

No options were exercised during the year ended 30 June 2024. All options expire on 31 October 2027.

Note 20. Reserves

Recognition and measurement

Capital contributions reserve
This reserve has been used to recognise the discounted value of a loan from Alkane Resources Ltd prior to the demerger in accordance with AASB 9.

Share-based payments reserve
The reserve is used to recognise the grant date fair value of options and performance rights issued to employees and executive directors.

Retirement benefit obligation reserve
The reserve is used to recognise the actuarial gains and losses on the retirement benefit obligation that are recognised outside of profit or loss.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. The foreign currency reserve is recognised in the profit or loss when the foreign operation or net investment is disposed of.

	Consolidated	
	2024 $'000	2023 $'000
Capital contribution reserve	11,324	11,324
Share-based payments reserve	3,810	3,322
Retirement benefit obligation reserve	(122)	35
Foreign currency reserve	(1,260)	332
	13,752	15,013

Note 21. Cash flow information

(a) Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2024 $'000	2023 $'000
Loss after income tax for the year	(25,175)	(26,303)
Adjustments for:		
Depreciation and amortisation	1,756	1,799
Finance charges	83	79
Share-based payments	488	1,529
Inventory – non-cash movement	899	1,007
Inventory – write off	5,804	7,490
Provision for decommissioning – unwind of discount	(171)	(241)
Gain on disposal of assets	(1)	(1)
Unrealised FX loss	(4)	(567)
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	3,258	(4,360)
Increase in inventory	(5,183)	(12,030)
Decrease/(increase) in biological and other assets	747	(413)
Decrease in deferred tax liability	(21)	(2,513)
Increase/(decrease) in trade and other payables	1,522	(62)
Increase in other provisions	376	281
Net cash outflow from operating activities	(15,622)	(34,305)

(b) Net debt reconciliation

	Consolidated	
	2024 $'000	2023 $'000
Cash and cash equivalents (note 7)	47,602	56,655
Interest bearing liabilities - repayable within one year (note 15)	(16,531)	(17,295)
Interest bearing liabilities - repayable after one year (note 15)	(324)	(410)
Net debt	30,747	38,950

Includes lease liability expiring within 1 to 8 years and loan facilities with the Korea Development Bank ($13.1 million) and Hana Bank ($3.3 million).

Note 22. Risk management

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, pay dividends to shareholders, issue new shares or sell assets.

Note 22. Risk management (continued)

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks and mitigating strategies.

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Market risk

Foreign currency risk
The Group operated internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in USD/AUD, KRW/AUD and KRW/USD exchange rates. The Group is exposed to currency risk on purchases that are denominated in a currency other the respective functional currency of Group entities, primarily the United States Dollar (USD) and Korean Won (KRW).

The Group's expenditure obligations in Korea are primarily in KRW. Funding requirements in Korea are met by transferring USD from the Australian based parent entity and converting it into KRW or depositing it into a USD bank account. As a result, the Group is exposed to fluctuations in the USD/KRW to Australian currency. These exposures are not subject to a hedging instrument. The Group’s risk from movements in foreign currency rates, relates to USD held within Australia and Korea and KRW held in Korea. The risk exposure is minimised by holding sufficient funds in KRW to meet the immediate cash requirements of the subsidiaries. Once funds are converted to KRW, they are only used to pay expenses in KRW.

The financial assets and liabilities that are exposed to foreign currency risk at the end of the reporting period, expressed in Australian dollars are:

	2024 $'000	2023 $'000
Cash and cash equivalents - USD	2,857	2,471

Sensitivity
As shown in the table above, the Group is primarily exposed to changes in USD AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rate arises mainly from USD cash and cash equivalents.

	Impact on post-tax profit	
	2024 $’000	2023 $’000
USD AUD exchange rate – increase 9% (2023 – 10%)	(180)	(247)
USD AUD exchange rate – decrease 9% (2023 – 10%)	180	247

Note 22. Risk management (continued)

Price risk

Commodity price risk in the Group primarily results from price fluctuations and the availability of rare earth oxides required by the Korean operations. The Group considers the outlook for rare earths regularly in considering the need for active financial risk management. As the Group progressed towards production of a saleable product the Group will monitor and develop a policy to mitigate its exposure to price risk.

Interest rate risk

Interest rate risk is the risk that fair values and cash flows of the Group's financial instruments will be affected by changes in the market interest rates. The Group's main interest rate risk arises through its cash and cash equivalents, other financial assets and financial liabilities held within financial institutions. The Group minimises this risk by utilising fixed rate instruments where appropriate.

Summarised market risk sensitivity analysis:

	30 June 2024			30 June 2023		
	Carrying Amount $'000	+100BP $'000	-100BP $'000	Carrying Amount $'000	+100BP $'000	-100BP $'000
Financial assets						
Cash-and cash equivalents	47,602	476	(476)	56,655	567	(567)
Receivables (current) [i]	654	7	(7)	3,603	36	(36)
Other financial assets	172	2	(2)	238	2	(2)
Financial liabilities						
Trade and other payables	15,984	160	(160)	11,985	120	(120)
Total	32,444	325	(325)	48,511	485	(485)

[i] The receivables balance excludes prepayments and tax balances which do not meet the definition of financial assets and liabilities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the Group's receivables from customers and related entities. The Group's exposure to credit risk is primarily in its trade and other receivables and is influenced mainly by the individual characteristics of the customer based on recent sales experience, historical loss rates and forward-looking information that is available. In accounting for credit risk the Group applies the simplified approach to measuring expected credit losses, determining a lifetime expected loss allowance for all trade receivables.

In determining the recoverability of a trade or other receivable using the expected credit loss model, the Group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Group limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only utilising banks and financial institutions with acceptable credit ratings. The Group's cash deposits are all on call or in term deposits and attract a rate of interest at normal short-term money market rates.

Tax receivables and prepayments do not meet the definition of financial assets. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Note 22. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Board of Directors monitors liquidity levels on an ongoing basis.

Liquidity risk management involves maintaining sufficient cash on hand or undrawn credit facilities to meet the operating and capital requirements of the business.

Maturity analysis of financial assets and liabilities based on management expectations. The tables below reflect an undiscounted contractual maturity analysis for financial liabilities:

Year ended 30 June 2024	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total contractual outflows $'000
Financial liabilities due for payment				
Trade and other payables	(4,803)	-	-	(4,803)
Unearned revenue	(11,221)	-	-	(11,221)
Interest bearing liabilities	(16,531)	(324)	-	(16,855)
	(32,555)	(324)	-	(32,879)

Year ended 30 June 2023	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total contractual outflows $'000
Financial liabilities due for payment				
Trade and other payables	(3,394)	-	-	(3,394)
Unearned revenue	(2,525)	(6,232)	-	(8,757)
Interest bearing liabilities	(17,295)	(410)	-	(17,705)
	(23,214)	(6,642)	-	(29,856)

The Group's financial liabilities generally mature within 3 months, therefore the carrying amount equals the cash flow required to settle the liability.

Note 23. Contingent liabilities

The Group has contingent liabilities estimated at up to $8,163,695 for the potential acquisition of parcels of land surrounding the Dubbo Project (30 June 2023: $7,398,421). The landholders have the right to require the Group to acquire their property when the development consent conditions for the Dubbo Project have been met.

On 9 June 2022, Australian Strategic Materials (Holdings) Ltd and Hyundai Engineering Co., Ltd (HEC) signed an agreement to provide engineering, procurement, and construction definition work (EPCD) for the Dubbo Project. Work was to be undertaken in three stages, with HEC completing Stage 1 works. During the year ended 30 June 2024, the conditions precedent to commence Stage 2 were not fulfilled to allow the next stage to proceed and so the agreement was concluded with Nil contingent liabilities (30 June 2023: $41,200,000).

On 25 March 2024, ASM announced the appointment of Bechtel Mining and Metals, Inc (Bechtel) to conduct FEED services for the Dubbo Project. The contract will see Bechtel progress in the design of both the process plant and NPI facilities at the Dubbo Project. Bechtel's services are estimated at $54,347,826 (~US$36,000,000). Bechtel's commencement of the work is conditional upon the Group:

- confirming that funding has been received for the work.
- confirming all necessary approvals to proceed with the work have been received, and
- issuing Bechtel with a notice to proceed.

Note 23. Contingent liabilities (continued)

It is anticipated that the Group will be in a position to commence the FEED services during 2024. The estimated schedule for the FEED services is 18 months and is anticipated to be completed in the first quarter of the 2026 calendar year.

Note 24. Commitments

a) Capital commitments

	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Year ended 30 June 2024				
Mineral tenement leases	100	-	-	100
Dubbo Project - parcels of land	2,306	-	-	2,306
Dubbo Project – engineering and design activities	4,416	2,500	-	6,916
Korean Metals Plant – equipment	488	-	-	488
	7,310	2,500	-	9,810
Year ended 30 June 2023				
Mineral tenement leases	100	-	-	100
Dubbo Project - parcels of land	1,996	-	-	1,996
Dubbo Project – engineering and design activities	2,307	2,500	-	4,807
Korean Metals Plant – equipment	1,410	-	-	1,410
	5,813	2,500	-	8,313

Mineral tenement leases
In order to maintain current rights of tenure to exploration and mining tenements, the Group has certain obligations for payment. These costs are discretionary, however if the expenditure commitments are not met then the associated exploration and mining leases may be relinquished.

Parcels of land
The Group has capital commitments for the acquisition of parcels of land surrounding the Dubbo Project. The amount to be paid is market value contractual terms and is subject to movement. The landholders have the right to require Australian Strategic Materials (Holdings) Limited to acquire their property as provided for under the agreement.

b) Other commitments
On 30 April 2023, the Group signed binding agreement with Vietnam Rare Earth Company (VTRE) for metals plant feedstock supply. Under the terms of the agreement, VTRE will deliver 100 tonnes of product within the next 12 months. At 30 June 2024, the Group estimated commitment amount based on the product price at the reporting date was $7,586,000 (2023: $9,426,000).

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 26. Related party transactions

Parent entity
Australian Strategic Materials Limited is the parent entity of the Group.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

Note 26. Related party transactions (continued)

	Consolidated 2024 $	Consolidated 2023 $
Short-term employee benefits	2,121,551	2,100,624
Post-employment benefits	126,617	103,546
Long-term benefits	9,169	8,129
Termination benefits	41,722	254,151
Share-based payments	510,980	1,409,492
	2,810,039	3,875,942

Detailed remuneration disclosures are provided in the Remuneration Report on pages 64 to 74.

Transactions with other related parties
The following transactions occurred with other related parties:

	Consolidated 2024 $	Consolidated 2023 $
Purchase of goods and services from other related parties:		
Alkane Resources Ltd	373,935	356,400
Gandel Metals Pty Ltd	11,733	97,268

Alkane Resources Ltd, a Director related entity, for personnel and office services under its ongoing Trade Service Agreement with ASM.

Gandel Metals Pty Ltd, a Director related entity, for travel related services.

Receivable from and payable to related parties
As at 30 June 2024, nil (2023: Nil).

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Share-based payments

Recognition and measurement

Share-based payments
Share-based compensation benefits are provided to employees via the Group's incentive plans. The objective of the plans is to assist in the recruitment, reward, retention and motivation of eligible persons of the Group. The incentive plans consist of short-term (STI) and long-term (LTI) incentive plans. Information relating to these plans is set out in the remuneration report and below.

The fair value of performance rights and options granted under the short-term and long-term incentive plans is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights and options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service non-market performance vesting conditions. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Note 27. Share-based payments (continued)

Non-market conditions
Non-market vesting conditions and the impact of service conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

Market conditions
The initial estimate of fair value for market based and non-vesting conditions is not subsequently adjusted for differences between the number of rights granted and number of rights that vest. When the rights are exercised, the appropriate number of shares are transferred to the employee. The proceeds received are net of any directly attributable transaction costs are credited directly to equity.

The fair value of deferred shares granted to employees for nil consideration under the employee share scheme is recognised as an expense over the relevant service period, being the year to which the incentive relates and the vesting period of the shares. The fair value is measured using the Monte Carlo valuation method for long-term incentive plans and Binominal Tree method for short-term incentive plans at the grant date of the shares and is recognised in equity in the share-based payment reserve.

The Group's remuneration framework is set out in the remuneration report, including all details of the performance rights plans, the associated performance hurdles and vesting criteria. Participation in the plans is at the discretion of the Board of Directors and no individual has a contractual right to participate in the plans or to receive any guaranteed benefits.

Options
No employee options were granted during the year. Previously granted options lapsed upon cessation of employment as disclosed in the remuneration report.

The are no share options outstanding at the end of the year.

Performance Rights
Set out below are summaries of performance rights granted under the plan:

	2024 Number	Weighted average fair value at grant date	2023 Number	Weighted average fair value at grant date
Outstanding as at 1 July	703,702	$1.33	3,217,010	$1.28
Granted [i]	1,821,993	$0.98	744,442	$0.91
Forfeited/lapsed	(192,980)	$1.46	(2,257,750)	$1.28
Vested	(86,755)	$1.65	(1,000,000)	$2.64
Outstanding as at 30 June	2,245,960	$1.05	703,702	$1.33
Vested and exercisable as at 30 June	250,198	$1.29	45,410	$1.43

[i] During the year ended 30 June 2024, 711,105 short term and 1,110,888 long term performance rights were granted to employees and key management personnel. The fair value at the grant date of the performance rights, with non-market-based performance conditions, was estimated using a Binominal Tree valuation method. The fair value at the grant date of the performance rights, with market-based performance conditions, was estimated using a Monte Carlo valuation method.

Note 27. Share-based payments (continued)

The table below details the terms and conditions of the grants and the assumptions used in estimating fair value:

Type	LTI	LTI	STI
Value of the underlying security at grant date	\$0.97-\$1.53	\$1.34	\$0.97-\$1.53
Number of performance rights issued	1,055,489	55,399	711,105
Exercise price	nil	nil	nil
Dividend yield	nil	nil	nil
Risk free rate	3.61%-4.11%	3.85%	4.10%-4.36%
Volatility	65%	65%	65%
Performance period (years)	3	3	1
Commencement of the measurement period	1 July 2023	1 December 2023	1 July 2023
Test date	30 June 2026	30 November 2026	30 June 2024
Remaining performance period (years)	2.0	2.4	0.0
Valuation methodology	Monte Carlo	Monte Carlo	Binominal Tree

The weighted average remaining contractual life of performance rights and options is 1.7 years (30 June 2023: 1.5 years).

Total expenses arising from share-based payment transactions recognised during the period as share-based payment expense in the consolidated statement of profit or loss and other comprehensive income:

	2024 \$'000	2023 \$'000
Options [i]	(256)	130
Performance rights	744	1,399
	488	1,529

[i] Employee resignation resulted in the reversal of options expense recognised in prior periods. Refer to the section h on page 71 of the Remuneration Report for further details.

Key judgements, estimates and assumptions

The Group measures the cost of equity-settled transactions with employees by reference to the fair of the equity instruments at the date at which they are granted. The fair value is determined using the appropriate valuation model. The valuation basis and the related assumptions are disclosed above.

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company, and its related network firms:

	Consolidated 2024 \$	Consolidated 2023 \$
Audit services - PricewaterhouseCoopers		
Audit or review of the financial statements	230,974	233,527
Other assurance services - PricewaterhouseCoopers	-	-
Other services - PricewaterhouseCoopers		
Consulting services	30,206	66,103
Total services provided by - PricewaterhouseCoopers	261,180	299,630

Note 29. Loss per share

Recognition and measurement

Basic loss per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted loss per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Consolidated	
	2024 $'000	2023 $'000
Loss after income tax	(25,175)	(26,303)
Non-controlling interest	28	31
Loss after income tax attributable to the owners of Australian Strategic Materials Limited	(25,147)	(26,272)

	Cents	Cents
Basic loss per share	(15)	(17)
Diluted loss per share	(15)	(17)

	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	169,284,927	157,482,313
Weighted average number of ordinary shares used in calculating diluted loss per share	169,284,927	157,482,313
The number of potential ordinary shares not considered dilutive are as follows:		
Performance rights and options	16,587,636	828,950

Potential ordinary shares
Performance rights and options granted to employees are considered to be potential ordinary shares. Details relating to options and performance rights are set out in Note 27. They have not been included in the determination of basic loss per share. Performance rights and options outstanding are not included in the calculation of diluted loss per share because they are antidilutive for the years ended 30 June 2024 and 30 June 2023. These options could potentially dilute basic earnings per share in the future.

Note 30. Parent entity financial information

Recognition and measurement

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries, which have been recorded at cost less any impairments.

The individual financial statements for the parent entity, Australian Strategic Materials Limited, show the following aggregate amounts:

	Parent	
	2024 $'000	2023 $'000
Statement of profit or loss and other comprehensive income		
Loss after income tax	(32,910)	(47,263)
Total comprehensive Loss	(32,910)	(47,263)

	Parent	
	2024 $'000	2023 $'000
Balance sheet		
Current assets	63,112	64,207
Total assets	197,742	214,781
Current liabilities	1,482	1,196
Total liabilities	1,561	1,233
Equity		
Issued capital	281,462	268,316
Other equity	1,922	-
Share-based payments reserve	3,809	3,321
Foreign currency translation reserve	(13)	-
Capital contributions reserve	11,324	11,324
Accumulated losses	(102,323)	(69,413)
Total equity	196,181	213,548

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity did not have any guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity did not have any capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Note 31. Interests in subsidiaries

Recognition and measurement

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Note 31. Interests in subsidiaries (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated balance sheet, and consolidated statement of changes in equity respectively.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Australian Strategic Materials (Holdings) Ltd	Australia	100%	100%
Toongi Pastoral Company Pty Ltd	Australia	100%	100%
ASM Metals Corporation Pty Ltd	Australia	100%	100%
ASM Technology Corporation Pty Ltd	Australia	100%	100%
ASM Korea Co. Ltd	South Korea	100%	100%
KSM Technology Co. Ltd	South Korea	95%	95%
Korea Strategic Metal Co. Ltd	South Korea	100%	100%

Note 32. Deed of cross guarantee

The following entities are parties to a deed of cross guarantee made on 28 June 2023 under which each company guarantees the debts of the others:

Holding entity - Australian Strategic Materials Limited
Group entity - Australian Strategic Materials (Holdings) Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Australian Strategic Materials Limited, they also represent the 'Extended Closed Group'.

Note 32. Deed of cross guarantee (continued)

Set out below is a consolidated statement of profit or loss and other comprehensive income and balance sheet of the 'Closed Group'.

Consolidated statement of profit or loss and other comprehensive income of the 'Closed Group'	2024 $'000	2023 $'000
Revenue	1,532	1,447
Other income	5,331	1,673
Professional fees and consulting services	(1,704)	(1,798)
Employee remuneration	(5,937)	(5,188)
Share-based payments	(488)	(1,529)
Directors' fees and salaries	(1,260)	(1,234)
General and administration expenses	(4,311)	(4,633)
Pastoral company expense	(953)	(1,209)
Depreciation and amortisation expense	(212)	(165)
Fair value movement in biological assets	(899)	(1,007)
Net foreign exchange gain	29	390
Loan forgiveness	(29,747)	-
Intercompany impairment	-	(32,914)
Loss before income tax	(38,619)	(46,167)
Income tax benefit	269	2,686
Loss after income tax	(38,350)	(43,481)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(38,350)	(43,481)
Equity – accumulated losses		
Accumulated losses at the beginning of the financial year	(70,270)	(26,789)
Loss after income tax expense/(benefit)	(38,350)	(43,481)
Accumulated losses at the end of the financial year	(108,620)	(70,270)

Note 32. Deed of cross guarantee (continued)

Balance sheet	2024 $'000	2023 $'000
Current assets		
Cash and cash equivalents	46,534	52,520
Trade and other receivables	828	2,982
Inventories	184	156
Biological assets	379	962
	47,925	56,620
Non-current assets		
Property, plant and equipment	34,384	34,306
Exploration and evaluation assets	121,214	109,340
Biological assets	925	1,089
Other assets	13,304	34,583
	169,827	179,318
Total assets	217,752	235,938
Current liabilities		
Trade and other payables	3,413	2,125
Provisions	580	452
Unearned revenue	5,720	2,525
	9,713	5,102
Non-current liabilities		
Deferred tax	18,075	18,096
Provisions	80	49
	18,155	18,145
Total liabilities	27,868	23,247
Net assets	189,884	212,691
Equity		
Issued capital	281,462	268,316
Other equity	1,922	-
Reserves	15,120	14,645
Accumulated losses	(108,620)	(70,270)
Total equity	189,884	212,691

Consolidated entity disclosure statement

As at 30 June 2024

Consolidated entity disclosure statement

Basis of preparation

This Group disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3A)(vi) of the *Corporation Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

- Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the *Corporations Act 2001*).

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Australian Strategic Materials Limited	Body corporate	Australia	n/a	Australia
Australian Strategic Materials (Holdings) Ltd	Body corporate	Australia	100%	Australia
Toongi Pastoral Company Pty Ltd	Body corporate	Australia	100%	Australia
ASM Metals Corporation Pty Ltd	Body corporate	Australia	100%	Australia
ASM Technology Corporation Pty Ltd	Body corporate	Australia	100%	Australia
ASM Korea Co. Ltd	Body corporate	South Korea	100%	South Korea
KSM Technology Co. Ltd	Body corporate	South Korea	95%	South Korea
Korea Strategic Metal Co. Ltd	Body corporate	South Korea	100%	South Korea

Directors' declaration

30 June 2024

In the Directors' opinion:

(a) the financial statements and notes set out on pages 77 to 117 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company and Group will be able to pay its debts as and when they become due and payable, and

(c) the information disclosed in the attached consolidated entity disclosure statement is true and correct, and

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 32 will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32.

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Rowena Smith

Rowena Smith
Managing Director

30 September 2024
Perth

Independent auditor's report

To the members of Australian Strategic Materials Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Australian Strategic Materials Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2024
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group's ability to continue as a going concern is dependent on raising additional equity funding and refinancing existing borrowings. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit scope	***Key audit matters***
• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: - Carrying value of property, plant and equipment • These are further described in the *Key audit matters* section of our report, except for the matter which is described in the *material uncertainty related to going concern* section.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Carrying value of property, plant and equipment (refer to note 11) As at 30 June 2024, the Group recognised $68.2 million of Property, Plant and Equipment. The Group's market capitalisation was less than its net assets at reporting date and this was considered an indicator of impairment. As required by Australian Accounting Standards, the Group has performed an assessment to determine the recoverable amount of property, plant and equipment based on an estimate of their fair value less cost of disposal. No impairment was recognised as a result of this assessment. The assessment of impairment was a key audit matter because of the significant judgement involved in estimating the recoverable amount of the assets and the material impact on the financial report.	We performed the following procedures, amongst others: • Evaluated whether the Group's determination of CGUs was consistent with our understanding of the nature of the Group's operations. • Inspected management's impairment memorandum to consider the completeness and accuracy of management's impairment assessments. • Assessed, together with PwC valuation experts, the reasonableness of the valuation methodology and key assumptions used against the requirements of Australian Accounting Standards. • Examined the independent valuation reports obtained by the Group to assist their estimation of the recoverable value of certain property, plant and equipment assets. • Assessed the competency, qualification, experience and objectivity of the Group's experts. • Considered the adequacy of the disclosure made in note 11 of the Consolidated Financial Statements in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Australian Strategic Materials Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Ian Campbell
Partner

Perth
30 September 2024

Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. All information is current as at 20 September 2024.

Distribution of Equity Securities

Analysis of the number of equity security holders by size of holding and the total percentage of securities in that class held by the holders in each category:

	Ordinary Shares					
	Shares			Options		
Holding Ranges	No. of holders	Total units	% Issued share capital	No. of holders	Total units	% Issued share capital
1 - 1,000	4,932	2,161,235	1.19%	488	81,059	0.57%
1,001 - 5,000	3,562	8,840,567	4.88%	40	88,077	0.61%
5,000 - 10,000	1,189	8,904,557	4.91%	18	132,483	0.92%
10,001 - 100,000	1,526	42,533,893	23.46%	52	1,795,532	12.52%
100,001 and over	162	118,879,384	65.56%	22	12,244,472	85.38%
	11,371	**181,319,636**	**100.00%**	**620**	**14,341,623**	**100.00%**

As at 20 September 2024, there were 4,443 holders of less than a marketable parcel of ordinary shares.

Twenty Largest Shareholders: ASM – Fully Paid Ordinary Shares

		Listed ordinary shares	
		Number of shares	% of shares on issue
1	ABBOTSLEIGH PTY LTD	28,339,228	15.63%
2	CITICORP NOMINEES PTY LIMITED	12,947,386	7.14%
3	HSBC CUSTODY	11,870,945	6.55%
4	LILYCREEK PTY LTD <THE LILYCREEK A/C>	4,639,150	2.56%
4	AUBURNVALLEY PTY LTD <THE AUBURNVALLEY A/C>	4,639,150	2.56%
4	MAGNABAY PTY LTD <THE MAGNABAY A/C>	4,639,150	2.56%
5	MR JUNSHI WANG	3,330,000	1.84%
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,083,360	1.70%
7	BNP PARIBAS	2,552,094	1.41%
8	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	2,173,995	1.20%
9	ABBOTSLEIGH PTY LTD <ABBOTSLEIGH S/F A/C>	1,780,905	0.98%
10	MILFORD PARK SUPERANNUATION PTY LTD <MILFORD GROVE SUPERFUND A/C>	1,280,000	0.71%
11	MRS TANIA MARIE MOODY	1,254,000	0.69%
12	ILG ESTATE CO 2 PTY LTD	1,155,882	0.64%
13	ILG ESTATE CO 1 PTY LTD	1,155,881	0.64%
13	ILG ESTATE CO 4 PTY LTD	1,155,881	0.64%
13	ILG ESTATE CO 3 PTY LTD	1,155,881	0.64%
14	LEEFAB PTY LTD	955,000	0.53%
15	FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	741,211	0.41%
16	MS SENG BEE TEOH & MR SIN MONG WONG	694,668	0.38%
17	LNL TRUST CO LTD	658,956	0.36%
18	GW TRUST CO LTD	647,460	0.36%
19	MR TOBY GEORGE HARROP	610,000	0.34%
20	MR DAVID HANBURY EDMONDS <DAVID EDMONDS S/F A/C>	574,000	0.32%
	Total	**92,034,183**	**50.76%**
		181,319,636	**100.00%**

Unquoted Equity Securities

As at 20 September 2024, there are 2,469,499 performance rights issued under the ASM Executive Incentive Plan to take up ordinary shares, issued to 10 holders.

Twenty Largest Shareholders: ASMO – Listed Options

		Listed options	
		Number of options	% of shares on issue
1	CITICORP NOMINEES PTY LIMITED	4,300,594	29.99%
2	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	1,465,517	10.22%
3	UBS NOMINEES PTY LTD	1,336,207	9.32%
4	HSBC CUSTODY	1,280,106	8.93%
5	MR DARIUSH BORJIAN	1,202,500	8.38%
6	ABBOTSLEIGH PTY LTD	691,201	4.82%
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	344,828	2.40%
8	CEST LA VIE INVESTMENT PTY LTD <KAIWU JIANG INVESTMENT A/C>	200,000	1.39%
9	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	173,797	1.21%
10	MR KURT SCHMIDTKE	150,000	1.05%
11	BLJ TECHNOLOGIES PTY LTD	142,413	0.99%
12	CERTANE CT PTY LTD <BC1>	129,310	0.90%
13	MR PETER RONALD CREEK	120,000	0.84%
14	LILYCREEK PTY LTD <THE LILYCREEK A/C>	113,150	0.79%
14	AUBURNVALLEY PTY LTD <THE AUBURNVALLEY A/C>	113,150	0.79%
14	MAGNABAY PTY LTD <THE MAGNABAY A/C>	113,150	0.79%
15	MR DARRYL LLOYD PILGRIM	110,000	0.77%
16	MR MATTHEW QI	107,161	0.75%
17	MR ANTHONY JAMES DAVIES	105,000	0.73%
18	MRS KARIN CHRISTINE LEWIS MOTTERAM	102,500	0.71%
19	QUIGLEY NOMINEES INTERNATIONAL PTY LTD <QUIGLEY COMMERCIAL DISC A/C>	100,000	0.70%
19	MR KEVIN EDWARD DEEVES & MRS PAULINE MARY DEEVES	100,000	0.70%
19	MR GEOFFREY ALLAN DOWLING	100,000	0.70%
19	ZICORP PTY LTD	100,000	0.70%
20	RRX MACQUARIE PTY LTD <THE RRX MACQUARIE UNIT A/C>	86,206	0.60%
	Total	**12,786,790**	**89.16%**
	Total issued capital	**14,341,623**	**100.00%**

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001*, are:

Security Class: ASM - Fully Paid Ordinary Shares

Holder Name	Holding Balance	% IC
ABBOTSLEIGH PTY LTD	19,943,793	11.00%
CITICORP NOMINEES PTY LIMITED	12,947,386	7.14%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,473,083	6.33%

Security Class: ASMO - Listed Options

Holder Name	Holding Balance	% IC
CITICORP NOMINEES PTY LIMITED	4,300,594	29.99%
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	1,465,517	10.22%
UBS NOMINEES PTY LTD	1,336,207	9.32%
MR DARIUSH BORJIAN	1,202,500	8.38%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	865,368	6.03%

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

a. All ASM ordinary shares (whether fully paid or not) carry one vote per share without restriction.
b. All ASMO options have no voting rights.

Schedule of Mining Tenements

as at 30 June 2024

Tenement location	Tenement	Interest	Nature of interest
Dubbo, NSW	EL 5548	100%	Equity
Dubbo, NSW	EL 7631	100%	Equity
Dubbo, NSW	ML 1724	100%	Equity

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Australian Strategic Materials Ltd | ACN 168 368 401