



Rare Earths.
Critical Minerals.
High-tech Metals.

ASX Release

29 October 2024

Quarterly Activities Report to 30 September 2024

Key points

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

- Progressed the Rare Earth Options Assessment work to identify lower cost and shorter implementation pathways to rare earth production at the Dubbo Project.
- Received product validation notices from two potential neodymium iron boron (NdFeB) strip alloy customers located in Korea and the EU.
- Held discussions with the Export-Import Bank of the United States (US EXIM) and Export Development Canada (EDC) regarding due diligence and approval processes related to conditional debt financing packages for the Dubbo Project.

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

- The award of A\$5 million from the Australian Federal Government's International Partnerships in Critical Minerals Program in support of ASM's Rare Earth Options Assessment work.

Dubbo Project

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



Project funding and offtake

Subsequent to the Quarter ending 30 September 2024, ASM was awarded A\$5 million from the Australian Federal Government's International Partnerships in Critical Minerals (IPCM) Program.¹ The grant funding will be matched by ASM and used to support work to identify potential lower capital and shorter implementation pathways to rare earth production at the Company's Dubbo Project in New South Wales (**RE Options Assessment**).

The grant announcement was made by Australia's Minister for Resources the Hon Madeleine King MP during a site visit to the Dubbo Project and recognises ASM's growing strategic importance in building international critical mineral supply chain opportunities. ASM will be working with international partners DRA Global and Stantec, as well as local service providers Mining One and Core Resources to deliver this program. These activities are critical to ASM progressing key funding activities and taking final investment decision (**FID**) on the Dubbo Project – targeted for the first half of 2026.

In addition, during the Quarter, ASM continued its efforts to identify and progress further opportunities for funding and support for the Dubbo Project, both in Australia and internationally.

¹ Refer ASX Release 15 October 2024: ASM awarded A\$5M Federal Government grant for Dubbo Project

- The Company met with senior figures from the Export-Import Bank of the United States (**US EXIM**) and Export Development Canada (**EDC**) to progress discussions related to due diligence and approval processes for the conditional debt funding packages that have been indicated by both export credit agencies. Discussions with US EXIM President and Chair of the Board of Directors, Ms Reta Jo Lewis, during her visit to Australia addressed both the US\$600 million letter of interest (**LoI**) for the construction and execution phase of the Dubbo Project and the US\$32 million LoI for Front-End Engineering Design (**FEED**) services work, via US EXIM’s Engineering Multiplier Program (**EMP**). ASM also conducted positive meetings with EDC both in Australia and Canada in relation to the A\$400 million LoI received in April.



ASM Managing Director & CEO, Rowena Smith (right) with US EXIM President & Chair of the Board of Directors, Reta Jo Lewis.

- ASM participated in two investment webinars for the Minerals Security Partnership (**MSP**) – a collaboration of 14 countries and the EU to catalyse public and private investment in responsible critical minerals supply chains globally. The webinar audiences included export credit agencies, development finance institutions, and public funds from affiliated MSP member countries. In September, the MSP announced the establishment of its Finance Network, reflecting a desire to strengthen information sharing, coordination and collaboration among the network participants.² ASM’s Dubbo Project was acknowledged in the announcement as one of the global projects to have received support from the MSP, following receipt of the LoI from US EXIM.
- The inaugural Defense Industrial Base Consortium (**DIBC**) Symposium in San Diego, California brought together leaders from government, industry and the investment community to discuss the challenges facing the US defence industrial base. With Australia’s designation as a domestic source under the U.S. Defense Procurement Act Title III and the Dubbo Project recognised as an MSP project, the Company was invited to participate at the event – engaging with key stakeholders to discuss the white papers ASM has submitted to the Department of Defense for potential funding and support.
- ASM participated in an Australia-Korea Business Council (**AKBC**) delegation to Korea, which saw the Company conduct meetings and discussions with key government agencies, financial institutions and potential customers.
- A follow-up meeting was conducted with Australia’s National Reconstruction Fund Corporation to progress ASM’s expression of interest for potential funding and support.

Throughout the Quarter, ASM continued to engage in ongoing competitive discussions for offtake from the Dubbo Project. The Company will provide market updates upon securing binding offtake agreements.

² <https://www.state.gov/joint-statement-on-establishment-of-the-minerals-security-partnership-finance-network/>

Rare Earth Options Assessment

As previously reported, ASM has been assessing potential options for lower capital and shorter implementation pathways to rare earth production at the Dubbo Project (**RE Options Assessment**). Confirmation of the IPCM grant funding from the Australian Federal Government will enable the RE Options Assessment to proceed as a precursor to FEED services. If the RE Options Assessment establishes a lower capital and shorter implementation to rare earth production, this will enable a more focused completion of the FEED work.

The RE Options Assessment will involve engineering, drilling, sampling, metallurgical testing and a pilot program at ASM's pilot facility located at Australia's Nuclear Science and Technology Organisation (**ANSTO**) in New South Wales.

During the Quarter, following additional core drilling and sampling, initial variability leaching work was carried out by Core Resources and will continue through the current Quarter. Recovery results will be delivered to ASM on an ongoing basis, with the program of work due for completion in Q1 2025. In parallel, ASM continued to work with ANSTO to progress the rare earth flowsheet optimisation testwork. This testwork will also continue through the current Quarter.

The RE Options Assessment will enable ASM to identify alternative, capital efficient and nearer term options for producing rare earth elements at the Dubbo Project before commencing the FEED services contract and undertaking an updated feasibility study on the construction and operation of the Dubbo Project.

Early establishment activities

During the Quarter, ASM progressed early establishment activities on the Dubbo Project to support the Company to take FID.

- Non-process infrastructure (**NPI**) study work continued, with the final deliverables scheduled for completion this Quarter. Bechtel will remain available for the FEED services work once the RE Options Assessment is completed.
- Solids residue storage facility design work continued with Stantec, which includes design work on embankment design, dam break studies, site geotechnical investigations and tailings characterisation testwork.
- Site geotechnical investigations were completed by Macquarie Geotechnical. Laboratory testing and result reporting is in progress for future use in the FEED phase of the project.



Core drilling and sampling at the Dubbo Project, part of the RE Options Assessment work.

Caspin Option Agreement

As previously reported, ASM executed an Option Agreement (**Agreement**) with Caspin Resources (**Caspin**), to provide ASM with an option to earn up to 75% of the rare earth element (**REE**) rights in Caspin's Mount Squires Project through staged earn in rights.³

During the Quarter, ASM evaluated the results of an initial sighter metallurgical test utilising an existing sample from the Mount Squires Project with the goal to create a heavy mineral concentrate. This evaluation determined that the sample used was unsuitable for simple gravity separation due to the high proportion of ultra-fine material, likely created or exacerbated by the drilling process. Therefore, further samples are required to enable ASM to make a decision to progress to the Extended Option Period. ASM and Caspin agreed to amend the option period work program to bring forward some of the drilling from the Extended Option Period into the Initial Option Period. This will enable a dedicated sample to be created for the metallurgical testwork, providing the data to support ASM making a decision. Subsequent to the conclusion of the Quarter, the drilling contractor has been mobilised and drilling will commence this Quarter. Following this, samples will be logged and assayed and sent for testing. This activity is now scheduled to run to the end of 2024.

The Caspin opportunity aligns with ASM's mine to metals strategy to broaden its rare earth supply, particularly for high value heavy rare earths. Additionally, there is value in developing the Dubbo Project as a rare earth separation and refining hub for third party ore with the ability to unlock value for potential rare earth projects across Australia.



A drilling contractor has been mobilised to collect further samples from Caspin's Mount Squires Project in the West Musgrave region of Western Australia.

³ Refer ASX Release 10 April 2024: *Mount Squires Option Agreement to unlock potential further rare earth supply*

Korean Metals Plant

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

Safety

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

Neodymium iron boron strip alloy

The delivery of neodymium iron boron (**NdFeB**) strip alloy product samples for commercial scale product validation trials continues to form part of technical validation processes and commercial discussions for the long-term global supply of NdFeB strip alloy.

ASM has received product validation notices from two potential customers following the assessment of previously supplied NdFeB samples. This includes the previously reported EU-based customer that received a 465kg NdFeB sample and a Korea-based customer. This positive progress demonstrates the KMP's growing technical capability and ASM will continue to work with the customers to identify potential opportunities for future commercial discussions aligned with their production requirements.

ASM continues to work with existing NdFeB alloy customer, Noveon Magnetics Inc. (**Noveon**) for the delivery of a commercial test batch and on a delivery schedule that aligns with their production schedule.

During the Quarter, ASM's first long-term NdFeB customer USA Rare Earth LLC (**USARE**) announced that it has entered into a definitive business combination agreement with Inflection Point Acquisition Corp. II, which will result in USARE becoming a publicly traded company. The transaction includes an initial ~US\$35 million Private Investment in Public Equity (**PIPE**) investment which USARE has stated will allow it to drive the development of its permanent magnet production facility in Stillwater, Oklahoma toward production.

ASM continues to work closely with USARE to establish initial NdFeB strip alloy supply requirements to align with the commissioning and ramp-up of the Stillwater facility. Initial supply to support the commissioning process is anticipated to occur in the first half of 2025.

As reported last Quarter, ASM has been shortlisted to participate in a competitive process for the near-term supply for NdFeB strip alloy to a US customer. ASM continues to await the determination of this submission and will update the market on any binding agreements or award being made.

Neodymium praseodymium metal

ASM has an agreement to supply six [6] tonnes of neodymium praseodymium (**NdPr**) metal to its established Korea-based customer by February 2025. During the Quarter, ASM continued to work with the customer to implement a delivery schedule to meet their production requirements, with first delivery of the current supply agreement now anticipated towards the end of 2024.

During the Quarter, all operational enhancements to the NdPr production line were completed and the facility is prepared to meet its production requirements going forward.

In addition, the KMP successfully conducted an R&D pilot scale project for a government customer – producing 214kg of NdPr metal.

KMP feedstock supply

ASM has continued commercial discussions with potential rare earth oxide suppliers in the EU and US during the Quarter. The KMP currently has sufficient inventory to meet production and contracted delivery requirements for the remainder of 2024.

In addition, ASM continues to explore opportunities to participate in the development of the rare earth supply chain in Vietnam. During the Quarter, meetings were held with privately owned companies, State Owned Enterprises and Vietnamese government departments to deepen ASM’s understanding of the various opportunities and associated challenges. Fostering these relationships, along with ASM’s ongoing monitoring of the rare earth landscape, supports the Company’s ongoing assessment of its participation in the growth of the industry in Vietnam.

Metallisation technology

ASM remains focused on preparing the KMP for commercial production of heavy rare earth metals – dysprosium (**Dy**) and terbium (**Tb**) – in 2025. During the Quarter, equipment continued to be upgraded to enable commercial scale production, with trials scheduled to continue this Quarter.

ASM also continued copper titanium (**CuTi**) production trials in support of the commissioning of the titanium (**Ti**) powder electro refiner – which will continue this Quarter.

ESG

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

Carbon net zero at KMP

During the Quarter, ASM confirmed that it achieved its target of being carbon net zero for Scope 1 and Scope 2 emissions at the KMP in FY24. This was achieved through the implementation of various initiatives to decrease the KMP's carbon footprint and the purchase of carbon credits. 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.

Reporting and climate change risks

ASM aims to apply the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**) and align its disclosures to the requirements of the International Financial Reporting Standards Standard 2 (**IFRS S2**) and Australian Sustainability Reporting Standards (**ASRS**). Aligned to this reporting journey, ASM released its Transitional and Physical climate change risks in the Company's 2024 Annual Report.

During the Quarter, 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. Through the analysis of these scenarios, a list of transitional and physical risks and opportunities was developed. ASM is continuing to assess and understand the material impacts of these risks and develop pathways to manage them.

Aligned with ASM's ambition to comply with the Towards Sustainable Mining (**TSM**) framework, during the Quarter the Company commenced its external assurance process.

Toongi Soil Carbon Project

Since formally registering the Toongi Soil Carbon Project with the Clean Energy Regulator, TPC has engaged with Australian Soil Management to support on ASM's monitoring and reporting activities.

The Toongi Soil Carbon Project aims to adopt new practices and technologies to store carbon in the ground to generate Australian Carbon Credit Units (**ACCUs**). During the Quarter, Dr Aurelie Quade, Northern NSW Regional Manager at Australian Soil Management, conducted some early-stage monitoring to better understand the project and opportunity.



Dr Aurelie Quade, Northern NSW Regional Manager at Australian Soil Management, conducting early-stage monitoring with TPC General Manager Farming, Fergus Job.

Corporate

During the Quarter ASM released its 2024 Annual Report to shareholders. The report provided a comprehensive strategic review of the Company's activities during FY24, financial results, Remuneration Report, and an overview of ASM's approach to sustainability and risk management. The report is available on the Company's website.

ASM has confirmed it will hold its Annual General Meeting (**AGM**) on Tuesday, 26 November 2024.

Community

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

Cultural healing

During the Quarter, TPC and Wiradjuri elder Peter Peckham welcomed the Yindyamarra Men's Healing Group onto Country at the Dubbo Project. The group is led by fellow Wiradjuri man Jeffrey Amatto.

The visit was part of the group's cultural healing activities and provided the opportunity for Jeffrey and the group to engage with Peter and the TPC team and explore opportunities to collaborate into the future.

Peter led the group in a traditional smoking ceremony, while TPC's General Manager Farming Fergus Job showed the locations of the indigenous heritage sites that ASM is committed to protecting. The group also learned about the ongoing work to translocate the Pink-tailed Worm-lizard into environmentally protected areas of the property.



Above: The Yindyamarra Men's Healing Group inspect indigenous heritage sites at the Dubbo Project.

Government engagement

Nationals leader the Hon David Littleproud MP and preselected Nationals candidate for Parkes, Jamie Chaffey, recently visited the Dubbo Project to meet with the team and learn more about what the project will mean for the region.

Mr Chaffey will contest the seat of Parkes at the next federal election, following the retirement of the current Member, the Hon Mark Coulton MP.

ASM would like to thank the Hon Mark Coulton for his engagement and support of the Dubbo Project during his time as Member for Parkes and his contribution to the region.



Above: TPC General Manager Farming Fergus Job (left) with Jamie Chaffey (centre) and Nationals leader the Hon David Littleproud MP.



Representatives from ASM and TPC presented to delegates from the REIIF during a visit to the Dubbo Project.

Resources, Energy & Industry Innovation Forum

ASM and Toongi Pastoral Company (TPC) were pleased to support the third Resources, Energy & Industry Innovation Forum (REIIF) in Dubbo.

The REIIF brings together industry leaders, regional stakeholders and investors to discuss the future of resources, mining technologies, renewable energy innovation, world-class industry practice, and future skills and opportunities for the Orana and Central West regions of NSW. The Forum was developed in partnership with Regional Development Australia (RDA) Orana and the Association of Mining and Energy Related Councils (MERC) NSW.

ASM's participation over the three-day event included talks from General Manager NSW, Mike Sutherland and TPC General Manager Farming, Fergus Job, as well as a tour of the Dubbo Project site.

Chuseok holiday

In Korea, employees from the Korean Metals Plant participated in traditional fruit sharing activities – part of the Chuseok holiday celebrations. The team distributed the fruits at a local seniors' centre, part of a visit facilitated by companies within the Foreign Investment Zone where the KMP is located.



Above: Employees from the Korean Metals Plant participate in the traditional fruit sharing activities for the Chuseok holidays.

Market Outlook

Against the backdrop of weaker than expected EV sales in Europe, tensions have escalated between the European Union (EU) bloc and China. Following the imposition of additional duties on imports of EVs from China in early October by the European Commission, China's Ministry of Commerce is reportedly considering higher tariffs on imports of bigger internal combustion engine vehicles, of which Europe is a large exporter. Concurrently, China has also filed a complaint at the World Trade Organisation against Turkey after the country's imposition in June of a 40% extra tariff on imports of vehicles from the Asian nation. The increasingly divisive outlook for the EV industry serves to further highlight the essential role that secure and stable sources of critical minerals will play in these supply chains.

NdFeB

REE prices lifted for the second consecutive quarter, rising by an average of 10.2⁴% q/q for oxides and 8.6% q/q for metals, so that prices for September are now 10.8% and 11.8% higher respectively than recent lows in March. An uptick in demand has resulted in a destocking of previously accumulated inventories through the supply chain, boosted in the final weeks of the Quarter by magnet makers replenishing inventories ahead of the National Day holiday in China in the first week of October. As such, prices for high grade NdFeB alloys rose by 2.8% m/m in September, and finished the Quarter at an average of \$50.23/kg.

Zirconia

Zirconia prices remain in a downward trend, falling by 5% to end the Quarter at around \$5,700/t⁵. The third Quarter is typically a slow period for the industry and this year has proved no different, with China's two largest zirconium oxychloride producers, Imerys Zhejiang Zirconia and Jiangxi Kingan Hi-Tech, suspending production to undertake maintenance programs. While Chinese domestic demand has been weak due to the ongoing issues in the country's property sector, a 17% rise in exports in the first half of the year is testament to better conditions overseas, particularly in the Japanese, Indian and US markets.

Hafnium

Hafnium prices in Europe fell to around \$4,100/kg by the end of September, as the extreme market conditions that propelled prices to records close to \$7,000/kg a year ago continue to abate. Nonetheless, due to increasing competition for units between the aerospace, semiconductor, industrial gas turbine and nuclear sectors, as well as its supply constrained nature as a byproduct of zirconium production, markets for hafnium products are expected to remain in a structural deficit for the foreseeable future.

Niobium

Niobium ingot prices continue to hold at close to at least five-year highs in the mid \$90s/kg. This follows news that Swiss energy storage technology supplier Leclanché plans to offer the first commercially available battery cell using a niobium based active anode, for heavy-duty applications in rail, marine and mining applications. Benefits include 50% higher energy density compared to other lithium-ion battery chemistries as well as fast charging and best in class performance in extreme conditions.

⁴ All figures for rare earth materials are from/derived from Adamas Intelligence

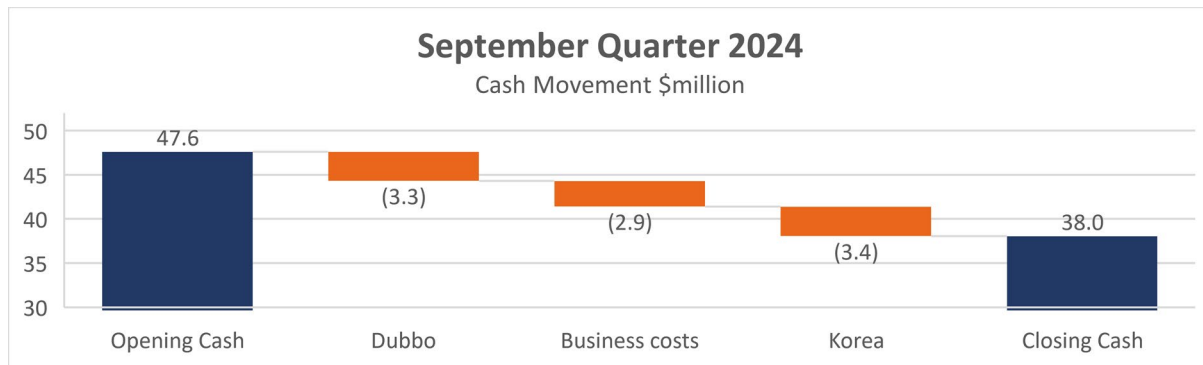
⁵ All figures for zirconia, hafnium and niobium are from/derived from Argus Non-Ferrous Markets

Finance

Cash

ASM's cash position as at 30 September 2024 was \$38 million. The following waterfall chart highlights cash movements during the quarter, including:

- ◆ \$3.3M of investment in the Dubbo Project, including engineering, metallurgical and Bechtel NPI study activities.
- ◆ \$2.9M of Business costs relating to business development, marketing and administration.
- ◆ \$3.4M of Korean expenditures are principally related to inventory, administrative, and personnel costs, net of Korean Government grant funding and sales.



Banking Facilities

During the quarter ended 30 June 2024, the Group executed two Korean loan facilities totalling ₩15 billion Korean Won (A\$16.6m) refinancing existing Korean loan facilities associated with the Group's Korean Metals Plant (**KMP**). For further details on these facilities, please refer to Appendix 5B, item 7.

Mining Tenements

Australian Strategic Materials Limited confirms the following information as of 30 September 2024 (as required by ASX Listing Rule 5.3.3).

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

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

Glossary

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

Forward looking statements

This report contains certain statements which constitute “forward-looking statements”. Often, but not always, forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “will”, “expect”, “plan”, “believes”, “estimate”, “anticipate”, “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 document are based on assumptions and contingencies that are subject to change without notice. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. 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 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 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 report.

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

- ENDS -

Appendix 5B

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

Name of entity	
Australian Strategic Materials Ltd	
ABN	Quarter ended ("current quarter")
90 168 368 401	30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	229	229
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(641)	(641)
(d) staff costs	(3,623)	(3,623)
(e) administration and corporate costs	(2,349)	(2,349)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	512	512
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	488	488
1.8 Other (provide details if material)	56	56
1.9 Net cash from / (used in) operating activities	(5,333)	(5,333)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(649)	(649)
(d) exploration & evaluation	(3,120)	(3,120)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
	<i>Government grants and tax incentives</i>	-	-
	<i>Payments for biological assets</i>	(42)	(42)
2.6	Net cash from / (used in) investing activities	(3,811)	(3,811)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)*	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(82)	(82)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(254)	(254)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(336)	(336)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	47,603	47,603
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,333)	(5,333)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,811)	(3,811)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(336)	(336)
4.5	Effect of movement in exchange rates on cash held	(80)	(80)
4.6	Cash and cash equivalents at end of period	38,043	38,043

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,043	10,103
5.2	Call deposits	30,000	37,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	38,043	47,603

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	380
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>During the quarter ended 30 September 2024, item 6.1 cash payments totalled \$380,000. These payments included Director's fees, travel, consulting and superannuation. Other related parties' payments included \$70,000 paid to Alkane Resources Limited for personnel and office services.</i></p>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	16,585	16,585
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<i>The Group holds two Korean Won (₩) loan facilities with the Korea Development Bank and Hana Bank in South Korea. Details of each facility are outlined below:</i>		
	KDB Industrial Facility - Opex	Hana Bank Industrial Facility - Opex
Facility amount	₩ 12,000,000,000	₩ 3,000,000,000
Amount drawn	₩ 12,000,000,000	₩ 3,000,000,000
Repayment date	10 June 2025	30 May 2025
Lender	KDB Bank	Hana Bank
Interest	6.32% - fixed KDB industrial financial debenture rate (on date of transfer) + 3.08% pa.	3.952% - 6 months variable KDB 6-month financial debenture rate (on date of transfer) + 0.328% pa.
Security	Secured	Unsecured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(5,333)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,120)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(8,453)
8.4 Cash and cash equivalents at quarter end (item 4.6)	38,043
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	38,043
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.5
<i>Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	

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

Answer: N/A

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

Answer: N/A

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

Compliance statement

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

Date: 29 October 2024

Authorised by: The Board of Directors

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

Notes

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