

26 March 2021

The Manager
ASX Limited
Level 40 Central Park
152-158 St Georges Terrace
PERTH WA 6000

AUSTRALIAN STRATEGIC MATERIALS LIMITED – NOTICE UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT

This notice is given by Australian Strategic Material Limited (ACN 168 368 401) (ASX:ASM) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

The Company has today announced its intention to undertake an equity raising via an institutional placement of fully paid ordinary shares in the Company (**New Shares**) at \$4.80 per New Share (**Issue Price**) to raise approximately \$65,000,000 (before costs) (**Placement**) and a pro rata non-renounceable entitlement offer to eligible shareholders of the Company (**Shareholders**) on the basis of one (1) New Share for every fourteen (14) existing ordinary shares held by eligible Shareholders on the record date of 31 March 2021 (**Record Date**) at the Issue Price to raise up to approximately \$41,264,981 (before costs) (**Entitlement Offer**) (the Placement and Entitlement Offer together being the **Offer**).

Based on the current capital structure (and assuming no performance rights are exercised prior to the Record Date) a total of 8,596,871 New Shares will be issued if the Entitlement Offer is fully subscribed.

Any shortfall under the Entitlement Offer will be dealt with by the Company at its absolute discretion.

The Company hereby confirms that in respect of the Entitlement Offer (as per the requirements of paragraph 708AA(2)(f) of the Corporations Act):

- (a) the Company will offer the New Shares under the Entitlement Offer for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Corporations Act;
- (c) as at the date of this notice the Company has complied with:
 - i. the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
 - ii. section 674 of the Corporations Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act; and
- (e) the potential effect that the issue of the New Shares pursuant to the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including the extent to which eligible Shareholders take up their entitlements under the Entitlement Offer (**Entitlements**). In particular:

Contact Information

Contact David Woodall, Managing Director, ASM Ltd, +61 8 9227 5677

Investors Natalie Chapman, Corporate Communications Manager, +61 418 642 556

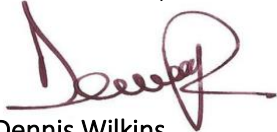
Media Marcha Van Den Heuvel, Hill+Knowlton Strategies, +61 2 9286 1226 or +61 468 960 457

- i. if all eligible Shareholders take up their Entitlements, then all eligible Shareholders will retain their percentage ownership in the Company, and the issue of New Shares under the Entitlement Offer is not expected to have any effect on the control of the Company;
- ii. to the extent that any Shareholder fails, or is unable, to take up their Entitlement, that Shareholder's percentage ownership in the Company will be diluted by those other Shareholders who take up some or all of their Entitlement; and
- iii. Abbotsleigh Proprietary Limited (a substantial Shareholder and an entity controlled by Mr Ian Gandel, a director of the Company) (**Abbotsleigh**) has committed to take up its full Entitlement. Abbotsleigh has voting power in the Company of 24.49% as at the date of this notice. However, this will decrease as a result of the Placement. The extent of that decrease will depend on the extent to which other eligible Shareholders' take up their Entitlements. Accordingly, Abbotsleigh's voting power on completion of the Offer could range from 22.17% (if the Entitlement Offer is fully subscribed) to 23.15% (if only those shareholders who have expressed an intention to take up their Entitlement do so).

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

This notice has been authorised for release by the Company's Board of Directors.

Yours faithfully



Dennis Wilkins
Company Secretary