

7 April 2021

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

By Electronic Lodgement

DESPATCH OF ENTITLEMENT OFFER BOOKLET

Australian Strategic Materials Limited (ASX:ASM) (the Company) confirms that the entitlement offer booklet (Offer Booklet) and entitlement and acceptance form in respect of the 1 for 14 pro-rata non-renounceable entitlement offer (Entitlement Offer), as announced to ASX on 26 March 2021, was despatched to eligible shareholders today. A copy of the Offer Booklet is annexed to this announcement.

A letter to ineligible shareholders notifying them of the Entitlement Offer and their ineligibility to participate has also been despatched today.

The Entitlement Offer opens today, 7 April 2021, and will close at 5.00 pm (Perth time) on Friday, 16 April 2021.

Application monies must be received prior to this time in accordance with the Offer Booklet and the entitlement and acceptance forms.

Eligible shareholders (as that term is defined in the Offer Booklet) are encouraged to carefully read the Offer Booklet before making any decision on whether or not to apply for shares under the Entitlement Offer.

If you have any queries concerning the Entitlement Offer, please contact your professional advisor or the ASM Offer Information Line on +61 8 9200 1681 between 8.30 am and 5.00 pm (Perth time) on Monday to Friday.

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

Yours faithfully



Dennis Wilkins
Company Secretary

Contact Information

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



Australian Strategic Materials Limited
ACN 168 368 401

Entitlement Offer Booklet

in relation to

**a 1 for 14 pro rata non-renounceable Entitlement Offer at an Offer Price of \$4.80 per
New Share to raise a maximum of approximately \$41 million (before costs)**

**The Entitlement Offer closes at
5pm (Perth time) on Friday, 16 April 2021**

The Entitlement Offer is not underwritten.

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. This document is not a prospectus under the *Corporations Act 2001* (Cth) and has not been lodged with the Australian Securities and Investments Commission. You should consult your stockbroker, solicitor, accountant, or other professional adviser if you have any questions.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S.
PERSONS**

Important notices

This Offer Booklet is dated Wednesday, 7 April 2021 and relates to the Entitlement Offer, which is part of the equity raising as announced on Friday, 26 March 2021. Capitalised terms in this section have the meaning given to them in this Offer Booklet.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

This Offer Booklet has been issued by Australian Strategic Materials Limited (ACN 168 368 401) (**ASM**).

The Entitlement Offer is made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Offer Booklet is not a prospectus, product disclosure statement or any other offering document under Australian law or any other law and will not be lodged with ASIC. This Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other offering document and as such, does not contain all of the information that a prospective investor may require to make an investment decision. As a result, it is important for you to read and understand the publicly available information on ASM and the Entitlement Offer (for example, the information available on ASM's website at <https://asm-au.com/> or on the ASX's website at www.asx.com.au) prior to deciding whether to accept your Entitlement and apply for New Shares. The information in this Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation, or particular needs.

Please contact your professional adviser or the ASM Offer Information Line on +61 8 9200 1681 between 8.30am and 5.00pm (Perth time) on Monday to Friday.

This Offer Booklet should be read in its entirety (including the accompanying Entitlement and Acceptance Form) before you decide to participate in the Entitlement Offer. In particular, the Investor Presentation in Section 4 of this Offer Booklet details important factors and risks that could affect the financial and operating performance of ASM. When making an investment decision in connection with the Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues.

In addition to reading this Offer Booklet in conjunction with ASM's other periodic and continuous disclosure announcements including the Investor Presentation and ASM's announcements to the ASX and on its website, you should conduct your own independent review, investigations and analysis of ASM and the New Shares and obtain any professional advice you require to evaluate the merits and risks of an investment in ASM before making any investment decision.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY®¹ in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Offer Booklet.

No overseas offering

This Offer does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

¹ Registered by BPAY Pty Ltd (ABN 69 079 137 518).

This Offer Booklet and the accompanying Entitlement and Acceptance Form does not, and is not intended to, constitute an offer or invitation of New Shares of the Company in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Booklet does not constitute an offer to Ineligible Shareholders.

This Offer Booklet is not to be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australian except to the extent permitted below.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements, or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than the Permitted Jurisdictions.

The distribution of this Offer Booklet (including an electronic copy) outside the Permitted Jurisdictions, is restricted by law. If you come into possession of the information in this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for ASM to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Definitions, time, and currency

Defined terms used in this Offer Booklet are contained in Section 6 of this Offer Booklet. All references to time are to Perth time, unless otherwise indicated. All references to '\$' are AUD unless otherwise noted.

Taxation

There will be taxation implications associated with participating in the Entitlement Offer and receiving New Shares. ASM recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

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

By submitting an Entitlement and Acceptance Form or by paying for your New Shares through BPAY®, you will be providing personal information to ASM (directly or through the Share Registry). ASM collects, holds, and will use that information to assess your Application. ASM collects your personal information to process and administer your shareholding in ASM and to provide related services to you. ASM may disclose your personal information for purposes related to your shareholding in ASM, including to the Share Registry, ASM's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that ASM holds about you. To make a request for access to your personal information held by (or on behalf of) ASM, please contact ASM through the Share Registry.

Governing law

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

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Offer Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Offer Booklet may not be relied upon as having been authorised by ASM or any of its officers.

Past performance

Investors should note that ASM's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) ASM's future performance including ASM's future financial position or share price performance.

Future performance and forward-looking statements

This Offer Booklet contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of ASM, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumption on which these statements are based. These statements may assume the success of ASM's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise.

Readers are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19, and except as required by law or regulation, none of ASM, its representatives or advisers assumes any obligation to update these forward-looking statements.

No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in

relation to future matters contained in this announcement. The forward looking statements are based on information available to ASM as at the date of this announcement. Except as required by law or regulation (including the Listing Rules), none of ASM, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events, or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Refer to the 'Key Risks' section of the Investor Presentation included in Section 4 of this Offer Booklet for a summary of general and specific risk factors that may affect ASM. Investors should consider the forward-looking statements contained in this Offer Booklet in light of those risks and disclosures.

Lead Manager

Petra Capital Pty Ltd (**Lead Manager**) has acted as lead manager to the Placement and the Entitlement Offer. Neither the Lead Manager, its respective affiliates, related bodies corporate (as that term is defined in the Corporations Act), nor its directors, employees, officers, representatives, agents, partners, consultants and advisers (together, the **Lead Manager Parties**), have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Offer Booklet (or any other materials released by ASM) and none of them makes or purports to make any statement in this Offer Booklet and there is no statement in this Offer Booklet which is based on any statement by any of them.

The Lead Manager Parties may, from time to time, hold interests in the securities of, or earn brokerage, fees, or other benefits from ASM.

Disclaimer

Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints, and the discretion of ASM in consultation with the Lead Manager. To the maximum extent permitted by law, ASM and the Lead Manager and each of its affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion.

The Lead Manager Parties take no responsibility for any part of this Offer Booklet or liability for any loss or damage whatsoever arising from the use of any part of this Offer Booklet or otherwise arising in connection with it.

The Lead Manager Parties make no recommendation as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties, express or implied, to you concerning the Entitlement Offer or any such information, and by returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you represent, warrant and agree that you have not relied on any statements made by the Lead Manager Parties in relation to the New Shares or the Entitlement Offer generally.

Risks

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of ASM, including possible delays in repayment and loss of income and principal invested. ASM does not guarantee any particular rate of return or the performance of ASM, nor does it guarantee the repayment of capital from ASM or any particular tax treatment.

Refer to the 'Key Risks' section of the Investor Presentation included in Section 4 of this Offer Booklet for a summary of general and specific risk factors that may affect ASM. You should consider these risks carefully in light of your personal circumstances, including

financial and taxation issues, before making an investment decision in connection with the Entitlement Offer.

No cooling off

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

No Entitlements trading

The rights to subscribe for New Shares pursuant to the Entitlement Offer are non-renounceable. Therefore, you cannot trade entitlements on the ASX and you cannot transfer or otherwise dispose of them.

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

References to 'you' and 'your Entitlement'

In this Offer Booklet, references to 'you' are references to Eligible Shareholders and references to 'your Entitlement' (or 'your Entitlement and Acceptance Form') are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Shareholders, unless the context provides otherwise.

This document has been authorised for release to ASX by the ASM Board of Directors.

Chairman's letter

Dear Eligible Shareholder

On behalf of the Board of ASM, I am pleased to invite you to participate in the recently announced 1 for 14 pro-rata non-renounceable entitlement offer of new, fully paid ordinary shares in the capital of ASM (**New Shares**) at an offer price of \$4.80 per New Share (**Offer Price**), (**Entitlement Offer**).

The Entitlement Offer is not underwritten.

Rationale for Entitlement Offer and use of funds

On Friday, 26 March 2021, ASM announced its intention to raise up to approximately \$106 million (before costs) by way of an equity raising, comprising:

- a placement to raise approximately \$65 million (before costs) (**Placement**); and
- the Entitlement Offer to raise up to a maximum of approximately \$41 million (before costs).

The funds will be used for:

- funding final engineering and construction of the Company's proposed Korean Metals Project once the detailed engineering has been completed and the Board of ASM makes a Final Investment Decision (FID) to proceed;
- progressing and accelerating detailed construction design (FEED) in relation to the Dubbo Project;
- funding continued research, and improvement of the processing techniques, of Ziron Tech with respect to its metallisation technology; and
- providing additional working capital as well as funding ASM's corporate and Offer costs.

Placement

The Placement was successfully completed on Tuesday, 6 April 2021, with ASM placing approximately 13.5 million New Shares to various institutional and sophisticated investors at the Offer Price and raising approximately \$65 million (before costs).

ASM received strong demand from new institutional investors and sophisticated investors. In conducting the Placement, the Company looked to identify new global and institutional investors to expand the institutional ownership of ASM.

The New Shares issued under the Placement will rank equally with existing Shares.

Details of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders are entitled to subscribe for 1 New Share at the Offer Price for every 14 fully paid ordinary share (**Share**) held as at the record date of Wednesday, 31 March 2021 (**Entitlement**).

The Offer Price of \$4.80 per New Share represents:

- a discount of 4% to the closing price of \$4.99 per Share on 23 March 2021; and
- a discount of 10% to the 15 day VWAP of \$5.35 per Share up to and including 23 March 2021.

Support for the Entitlement Offer

The ASM Board supports the equity raising and each of the Directors who hold Shares will participate in the Entitlement Offer.

Additionally, key shareholders, including Abbotsleigh (an entity that is controlled by Mr Ian Gandel, a director of the Company), have advised that they intend to take up their full Entitlements, totalling approximately \$12 million.

General information

The Entitlement Offer to which this Offer Booklet relates closes at 5pm (Perth time) on Friday, 16 April 2021 (unless extended).

The Offer Booklet contains important information about the Entitlement Offer. It is important that you carefully read this Offer Booklet and the other publicly available information about ASM, including information on our website (www.asm-au.com) and consider, in particular, the risk factors referred to in this Offer Booklet and the equity raising presentation released on Friday, 26 March 2021 before making any investment decision.

If you require further information on how to complete the Entitlement and Acceptance Form, please contact the ASM Offer Information Line on +61 8 9200 1681 between 8.30 am and 5.00pm (Perth time) on Monday to Friday, before the Entitlement Offer closes at 5pm (Perth time) on Friday, 16 April 2021 (unless extended).

On behalf of ASM, we invite you to consider this investment opportunity and thank you for your continued support.

Yours sincerely

Australian Strategic Materials Limited

Ian Gandel

Non-Executive Chairman

Summary of the Offer

Placement

Offer Price	\$4.80 per New Share
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Placement size	Approximately 13.5 million New Shares
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Placement gross proceeds	Approximately \$65 million
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Entitlement Offer

Ratio	1 New Share for every 14 Existing Shares held
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Offer Price	\$4.80 per New Share
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Size if the Entitlement Offer is fully subscribed	Approximately 8.5 million New Shares
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Gross proceeds if the Entitlement Offer is fully subscribed	Approximately \$41 million
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Following the Offer

Number of Shares on issue following the Offer (including the New Shares issued under the Offer and if the Entitlement Offer is fully subscribed)	Approximately 142 million Shares
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Total gross proceeds of the Offer (if the Entitlement Offer is fully subscribed)	Approximately \$106 million
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Key dates

Activity	Date
Announcement of the Offer	Friday, 26 March 2021
Record Date to determine Entitlements	5pm, Wednesday, 31 March 2021
Settlement of the Placement	Thursday, 1 April 2021
Issue of New Shares under the Placement	Tuesday, 6 April 2021
Entitlement Offer opens Despatch of Offer Booklets and Entitlement and Acceptance Forms to Eligible Shareholders	Wednesday, 7 April 2021
Entitlement Offer closes	5pm Friday, 16 April 2021
Announcement of results of Entitlement Offer	Wednesday, 21 April 2021
Settlement of the Entitlement Offer	Thursday, 22 April 2021
Issue of New Shares under the Entitlement Offer	Friday, 23 April 2021
Trading of New Shares under the Entitlement Offer	Monday, 26 April 2021
Despatch of holding statements for New Shares under the Entitlement Offer	Tuesday, 27 April 2021

Notes to key dates

This timetable (and each reference to it or to dates in it in this Offer Booklet) is indicative only and subject to change without notice. All times and dates in the timetable refer to Perth time.

ASM reserves the right to amend any or all of these dates and times subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, ASM reserves the right to extend the Closing Date for the Entitlement Offer, to accept late Applications

under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the allotment date of New Shares.

The commencement of quotation of New Shares is subject to confirmation from the ASX.

ASM also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

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

Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens.

Enquiries

If you have any doubt about whether you should participate in the Entitlement Offer, you should seek professional financial advice from your stockbroker, solicitor, accountant, or other professional adviser before making any investment decision.

If you have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement or have lost your Entitlement and Acceptance Form and would like a replacement form, please call the ASM Offer Information Line on +61 8 9200 1681 between 8.30 am and 5.00pm (Perth time) on Monday to Friday, before the Entitlement Offer closes at 5pm (Perth time) on Friday, 16 April 2021 (unless extended).

1 Summary of options available to you

If you are an Eligible Shareholder², you may take one of the following actions:

- Take up all of your Entitlement (see Section 3.3 of this Offer Booklet).
- Take up part of your Entitlement and allow the balance to lapse (see Section 3.4 of this Offer Booklet).
- Do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements (see Section 3.5 of this Offer Booklet).

The Entitlement Offer closes at 5pm (Perth time) on Friday, 16 April 2021 (unless extended).

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

Options	Key considerations
Option 1 Take up all of your Entitlement	<ul style="list-style-type: none">• You may elect to purchase New Shares at the Offer Price (see Section 3 of this Offer Booklet for instructions on how to take up your Entitlement).• The New Shares will rank equally in all respects with Existing Shares from their date of issue.
Option 2 Take up part of your Entitlement	<ul style="list-style-type: none">• If you do not take up your Entitlement in full, those Entitlements not taken up will lapse and you will not receive any payment or value for them.• If you do not take up your Entitlement in full, you will have your percentage holding in ASM reduced as a result of the Entitlement Offer and Placement.³• Your Entitlement to participate in the Entitlement Offer is non-renounceable, which means it is non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred.
Option 3 Do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements	<ul style="list-style-type: none">• If you do nothing with respect to your Entitlement, you will not be allocated New Shares, your Entitlements will lapse and you will not receive any payment or value for them.• If you do not take up your Entitlement you will have your percentage holding in ASM reduced as a result of the Entitlement Offer and Placement.⁴

² See Section 2.5 of this Offer Booklet for further details.

³ All Shareholders, including those Eligible Shareholders who participate in the Entitlement Offer, will have their percentage holding in ASM reduced by the Placement.

2 Overview of the Offer

2.1 Overview

Under the Entitlement Offer, ASM is offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 14 Existing Shares held on the Record Date at the Offer Price.

The Entitlement Offer is intended to raise a maximum of approximately \$41 million (before costs), assuming all of the New Shares offered under the Entitlement Offer are subscribed for. The Entitlement Offer is not underwritten so if there is a Shortfall the Company may not raise the full amount sought under the Entitlement Offer.

The Entitlement Offer is non-renounceable, which means that the Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately.

New Shares issued under the Entitlement Offer are to be issued at the same price as New Shares issued under the Placement. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.

Please refer to the ASX Announcement and the Investor Presentation included in this Offer Booklet for information on the rationale for the Entitlement Offer, the use of proceeds of the Entitlement Offer, and for further information on ASM.⁴

2.2 Purpose of Entitlement Offer

The proceeds of the Entitlement Offer and Placement will be used for:

- funding final engineering and construction of the Company's proposed Korean Metals Project once the detailed engineering has been completed and the Board of ASM makes a Final Investment Decision (FID) to proceed;
- progressing and accelerating detailed construction design (FEED) in relation to the Dubbo Project;
- funding continued research, and improvement of the processing techniques, of Ziron Tech with respect to its metallisation technology; and
- providing additional working capital as well as funding ASM's corporate and Offer costs.

2.3 Placement

ASM has already raised approximately \$65 million (before costs) from Institutional Investors as part of the Placement, at the Offer Price.

New Shares were issued under the Placement on Tuesday, 6 April 2021.

⁴ The ASX Announcement and the Investor Presentation are current as at the date of their release. There may be other announcements that have been made by ASM after their release and before the Entitlement Offer closes at 5pm (Perth time) on Friday, 16 April 2021 (unless extended) that may be relevant to your consideration of whether to take part in the Entitlement Offer. Therefore, it is prudent to check whether any further announcements have been made by ASM before submitting an Application.

2.4 Entitlement Offer

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Entitlement Offer is not being made under a prospectus and it is important for Eligible Shareholders to read and understand the information on ASM and the Entitlement Offer made publicly available prior to taking up all or part of their Entitlement. In particular, please refer to the materials in Section 4 of this Offer Booklet and other announcements made by ASM (available at www.asx.com.au) and all other parts of this Offer Booklet carefully before making any decisions in relation to your Entitlement.

Each Eligible Shareholder is entitled to subscribe for 1 New Share for every 14 Existing Shares held on the Record Date. The Entitlement Offer is non-renounceable. This means that Eligible Shareholders who do not take up their Entitlements by the Closing Date, will not receive any payment or value for those Entitlements, and their proportionate equity interest in ASM will be diluted.

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 New Share for every 14 Existing Shares you held as at the Record Date. There is no minimum subscription to participate in the Entitlement Offer. Fractional entitlements to New Shares of 0.5 or more have been rounded up to the nearest whole number of New Shares.

New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with Existing Shares on issue.

If you take no action, you will not be allocated any New Shares and your Entitlement will lapse.

Please consult your financial adviser, accountant, or other professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. In particular, please refer to the “Key Risks” section of the Investor Presentation (see Section 4 of this Offer Booklet).

2.5 Eligibility of Shareholders

The Entitlement Offer is being offered to Eligible Shareholders only.

“**Eligible Shareholders**” are Shareholders as at 4:00pm (Perth time) on the Record Date who:

- are registered as a holder of Existing Shares;
- have a registered address in in the Permitted Jurisdictions or persons that ASM has determined in its discretion are Eligible Shareholders in compliance with applicable law;
- are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States in respect of the relevant underlying holders of Existing Shares; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or other formal offer document to be lodged or registered.

Ineligible Shareholders are Shareholders who are not Eligible Shareholders.

ASM has determined that it is unreasonable to extend the Entitlement Offer to Ineligible Shareholders because of the small number of such Shareholders, the number and value

of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside the Permitted Jurisdictions, but reserves its right to do so (subject to compliance with the applicable laws). ASM and the Lead Manager disclaim any liability in respect of the exercise or otherwise of that determination and discretion, to the maximum extent permitted by law.

2.6 Placement of Shortfall

Any New Shares offered under the Entitlement Offer that are not applied for will form the Shortfall. The Company reserves the right to place any Shortfall Shares at their discretion. Any Shortfall must be issued within three months after the Closing Date and at a price per New Share that is not less than the Offer Price.

2.7 No underwriting

The Entitlement Offer is not underwritten. Accordingly the Company may not raise the maximum proceeds of approximately \$41 million (before costs) sought under the Entitlement Offer.

3 How to apply

3.1 Your Entitlement

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 14 Existing Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) accompanies this Offer Booklet. Eligible Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Please note that the Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to the definition of Eligible Shareholders in Section 2.5 of this Offer Booklet).

Eligible Shareholders who hold Shares in the capacity as trustee, nominee, or custodian (or in any other capacity) for a person that is in the United States cannot take up Entitlements or purchase New Shares on behalf of that person. See Section 3.12 of this Offer Booklet for the notice to nominees and custodians.

Eligible Shareholders should be aware that an investment in ASM involves both known and unknown risks. The key risks identified by ASM are set out in the section entitled 'Key Risks' of the Investor Presentation (enclosed in Section 4 of this Offer Booklet).

3.2 Options available to you

The number of New Shares to which Eligible Shareholders are entitled is shown on the accompanying Entitlement and Acceptance Form.

Eligible Shareholders may:

- Take up all of your Entitlement (see Section 3.3 of this Offer Booklet).
- Take up part of your Entitlement and allow the balance to lapse (see Section 3.4 of this Offer Booklet).
- Do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements (see Section 3.5 of this Offer Booklet).

The Entitlement Offer is an offer to Eligible Shareholders only. Ineligible Shareholders may not participate in the Entitlement Offer.

ASM reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is 5pm (Perth time) on Friday, 16 April 2021 (unless extended).

3.3 Taking up all of your Entitlement or taking up all of your Entitlement

If you wish to take up all or part of your Entitlement, payment will only be accepted through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies. Instructions for payment via BPAY® are set out on the personalised Entitlement and Acceptance Form or available online at <https://www.advancedshare.com.au>.

Payment must be **received** by the Share Registry by no later than 5pm (Perth time) on Friday, 16 April 2021 (unless extended).

3.4 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, payment will only be accepted through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies. Instructions for payment via BPAY® are set out on the personalised Entitlement and Acceptance Form or available online at <https://www.advancedshare.com.au>.

Payment must be **received** by the Share Registry by no later than 5pm (Perth time) on Friday, 16 April 2021 (unless extended).

If ASM receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment may be treated as an Application for as many New Shares as your Application Monies will pay for in full.

Eligible Shareholders who do not take up their Entitlements in full will not receive any value for those Entitlements they do not take up.

The portion of your Entitlement not taken up will lapse without further action by you.

3.5 Allow your Entitlement to lapse

If you do not wish to take up all or any part of your Entitlement, do not take any further action and all or that part of your Entitlement will lapse.

By allowing your Entitlement to lapse you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement. Your percentage interest in ASM will also be reduced as a result of the Entitlement Offer.

3.6 Consequences of not taking up all or part of your Entitlement

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement and you will not receive any value for your Entitlement. Eligible Shareholders who do not participate fully in the Entitlement Offer will have their percentage holding in ASM reduced.

All Shareholders (other than those Shareholders who have participated in the Placement pro rata to their existing shareholding in ASM), including those Eligible Shareholders who participate in the Entitlement Offer, will have their percentage holding in ASM reduced by the Placement.

3.7 Payment and refunds

Payment will only be accepted through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies other than with the express consent of ASM.

Cash payments will not be accepted. Receipts for payment will not be issued.

ASM will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

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

3.8 Payment by BPAY®

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

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

Please note that by paying by BPAY®:

- you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.10 of this Offer Booklet; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5pm (Perth time) on Friday, 16 April 2021 (unless extended). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

3.9 Payment by cheque or bank draft

For payment by cheque or bank draft, you should complete your Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque or bank draft in Australian currency and be drawn on an Australian branch of an Australian financial institution for the amount of the Application Monies, payable to 'Australian Strategic Materials Limited', and crossed 'Not Negotiable':

in an envelope by mail to the below Share Registry address:

Australian Strategic Materials Ltd
C/- Advanced Share Registry
PO Box 1156
Nedlands WA 6909

or

by hand delivery to the below Share Registry address:

Advanced Share Registry Ltd
110 Stirling Highway
Nedlands WA 6009

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies on the day of receipt. If your bank dishonours your cheque your Application will be rejected. ASM will not re-present any dishonoured cheques.

Should you choose to pay by cheque or bank draft, it is your responsibility to ensure that your payment is received by the Share Registry by no later than 5pm (Perth time) on Friday, 16 April 2021 (unless extended).

3.10 Payment through BPAY® or submission of Entitlement and Acceptance Form is binding

A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. ASM's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

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

- (a) you are (or the person whose account you are acting is) an Eligible Shareholder;
- (b) you have received, and read and understand this Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- (c) you agree to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet (and accompanying Entitlement and Acceptance Form), and ASM's constitution;
- (d) you authorise ASM to register you as the holder(s) of New Shares allotted to you under the Entitlement Offer;
- (e) all details and statements in the personalised Entitlement and Acceptance Form are complete, accurate and up to date;
- (f) if you are a natural person, you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- (g) you accept that there is no cooling off period under the Entitlement Offer and that once ASM receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- (h) you agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- (i) you authorise ASM, the Lead Manager, the Share Registry and their respective officers, employees or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- (j) you acknowledge and agree that:
 - (1) determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and Share Registry constraints and the discretion of ASM and/or the Lead Manager; and
 - (2) each of ASM and the Lead Manager, and each of their respective related body corporates and affiliates, disclaim any duty or liability

(including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;

- (k) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date and are an Eligible Shareholder;
- (l) the information contained in this Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation, or particular needs;
- (m) this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in ASM and is given in the context of ASM's past and ongoing continuous disclosure announcements to ASX;
- (n) you acknowledge the statement of risks in the 'Key Risks' section of the Investor Presentation in Section 4 of this Offer Booklet, and that an investment in ASM is subject to risks;
- (o) none of ASM, the Lead Manager nor their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the New Shares or the performance of ASM, nor do they guarantee the repayment of capital from ASM;
- (p) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (q) you authorise ASM to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (r) the law of any place does not prohibit you from being given this Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- (s) for the benefit of ASM, the Lead Manager, and their respective related bodies corporate and affiliates, you acknowledge that you are not in the United States and you are not acting for the account or benefit of a person in the United States and you are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares under the Entitlement Offer and under any applicable laws and regulations;
- (t) you understand and acknowledge that the Entitlement and the New Shares have not been, and will not be, registered under the U.S. Securities Act or under the laws of any state or other jurisdiction of the United States and that, accordingly the Entitlements may not be taken up or exercised by a person in the United States and the New Shares may not be offered or sold, directly or indirectly, in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws;
- (u) you are subscribing for or purchasing the New Shares outside the United States in an "offshore transaction" (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- (v) you are not engaged in the business of distributing securities;

- (w) you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any country outside the Permitted Jurisdictions;
- (x) if, in the future, you decide to sell or otherwise transfer the New Shares acquired under the Entitlement Offer, you will only do so in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, including in regular way transactions on the ASX or otherwise where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States;
- (y) you are eligible under applicable securities laws to exercise Entitlements and acquire New Shares under the Entitlement Offer;
- (z) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in a Permitted Jurisdiction and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information or materials relating to the Entitlement Offer to any such person; and
- (aa) you make all other representations and warranties set out in this Offer Booklet.

3.11 Brokerage

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement.

3.12 Notice to nominees and custodians

The Entitlement Offer is being made to all Eligible Shareholders.

Nominees with registered addresses in the Permitted Jurisdictions may also be able to participate in the Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder (**Eligible Beneficiary**).

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

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

In particular, persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Entitlement Offer to, any person in the United States.

ASM is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. ASM is not able to advise on foreign laws.

3.13 Rights of ASM

For the avoidance of doubt, ASM reserves the right (in its absolute sole discretion) to reduce the number of Entitlements or New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or if they (or their nominees/custodians) fail to provide information to substantiate their claims. In that case ASM may, in its discretion, require the relevant Shareholder to transfer excess New Shares to a nominee (including the Lead Manager) at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer Existing Shares held by them or purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses and expenses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

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

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

3.14 Withdrawal of the Entitlement Offer

Subject to applicable law, ASM reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case ASM will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to ASM will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to ASM.

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

3.15 Risks

Eligible Shareholders should be aware that an investment in ASM involves risks. The key risks identified by ASM are set out in the Investor Presentation in Section 4 of this Offer Booklet, but these are not an exhaustive list of the risks associated with an investment in the Shares. You should consider these risks carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Entitlement Offer.

3.16 Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the ASM Offer Information Line on +61 8 9200 1681 at any time from 8.30am to 5.00pm (Perth time) on Monday to Friday, before the Entitlement Offer closes at 5pm (Perth time) on Friday, 16 April 2021 (unless extended). If you have any further questions, you should contact your stockbroker, solicitor, accountant, or other professional adviser.

4 ASX Announcement and Investor Presentation

ASX Release

NOT FOR RELEASE TO US WIRE SERVICES OR DISTRIBUTION IN THE UNITED STATES

Release Date: 26 March 2021

ASM TO BOLSTER BALANCE SHEET THROUGH \$65M PLACEMENT AND UP TO A FURTHER \$41M THROUGH ENTITLEMENT OFFER

Highlights:

- Firm commitments received to raise approximately \$65m through Placement at \$4.80 per share
- Strong international and domestic demand, with several high-quality institutions participating in the Placement
- Funds raised from the Placement significantly strengthens ASM's existing cash position, with further funds expected to be raised from the Entitlement Offer
- Proceeds provide funding for ASM to focus on advancing key workstreams including engineering and development of Korean Metals Plant and the FEED Study for the Dubbo Project, while also providing additional working capital and funding of corporate costs
- 1 for 14 Entitlement Offer will now proceed, at the same pricing as the Placement, to raise up to a further \$41m, with some of ASM's largest shareholders committing to take up approximately 29.4% of entitlements under the Entitlement Offer

Australian Strategic Materials Limited (**ASM** or the **Company**) (ASX:ASM) is pleased to announce that the Company has received firm commitments from sophisticated, professional and institutional investors for the placement of approximately 13.5m fully paid ordinary shares (**New Shares**) at \$4.80 per New Share, raising \$65m in gross proceeds (**Placement**).

Managing Director, David Woodall, commented: *"We are delighted to have completed the placement component of this raising from existing and new international and Australian institutional investors. I am very pleased to welcome new shareholders to the Company, who join our register at a truly exciting time as we finalise plans to develop our first metallisation facility in Korea.*

The funds raised significantly bolster our balance sheet, placing the Company in a strong position as we progress key workstreams which include development of the proposed Korean Metals Plant and advancing key FEED workstreams on the Dubbo Project in New South Wales.

Importantly, we continue to advance our strategy for sustainable growth, with a primary focus on developing ASM into a globally relevant, independent and integrated metals producer by 2022."

The Placement

A total of 13,541,667 New Shares will be issued under the Placement at a price of \$4.80 per New Share (**Offer Price**) under ASM's ASX Listing Rule 7.1 placement capacity.

New Shares issued under the Placement will rank equally with existing ASM ordinary shares. The Offer Price represents a discount of:

- 4% to the Company's last closing price on 23 March 2021 of \$4.99; and
- 10% to the 5-day volume weighted average price of \$5.35.

Settlement of the Placement is scheduled to occur on Thursday, 1 April 2021.

Entitlement Offer

ASM is also undertaking a 1 for 14 pro rata non-underwritten, non-renounceable entitlement offer to eligible shareholders to raise up to approximately a further \$41m (before costs) (**Entitlement Offer**).

Eligible shareholders as at the Record Date of Wednesday, 31 March 2021, with a registered address in Australia or New Zealand, will be invited to participate in the Entitlement Offer at the Offer Price (being the same price as the Placement). The Entitlement Offer is expected to open on Wednesday, 7 April 2021, and close at 5pm (Perth time) on Friday, 16 April 2021, unless extended. As the Entitlement Offer is non-renounceable, entitlements will not be tradable or otherwise transferable.

Certain large shareholders (including ASM's largest shareholder Abbotsleigh Proprietary Limited) who hold a combined voting power of 29.4% have committed to take up their full pro rata entitlements under the Entitlement Offer, totalling approximately \$12m.

The terms and conditions and further details of how to participate in the Entitlement Offer will be set out in the Offer Booklet which is expected to be sent to eligible shareholders on Wednesday, 7 April 2021. The Offer Booklet will include a personalised entitlement and acceptance form. Copies of the Offer Booklet will also be available on the ASX and the Company's website.

Proceeds from the Placement and Entitlement Offer will be primarily used as follows:

- To fund the final stage of engineering and construction of ASM's proposed Korean Metals Plant (KMP);
- Further engineering (FEED) work in relation to the Dubbo Project in NSW;
- Corporate costs; and
- Working capital and offer costs.

Timetable

The indicative timetable for the Placement and Entitlement Offer is set out below:

Announcement of Placement and Entitlement Offer	Friday, 26 March 2021
“Ex” date	Tuesday, 30 March 2021
Record date to determine entitlements for the Entitlement Offer	Wednesday, 31 March 2021
Settlement of Placement	Thursday, 1 April 2021
Issue of New Shares under the Placement	Tuesday, 6 April 2021
Entitlement Offer opens and despatch of offer booklet	Wednesday, 7 April 2021
Entitlement Offer closing date	5pm (Perth time) on Friday, 16 April 2021
Announcement of Entitlement Offer results	Wednesday, 21 April 2021
Issue of New Shares under the Entitlement Offer	Friday, 23 April 2021
Trading of New Shares issued under the Entitlement Offer	Monday, 26 April 2021

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

Petra Capital acted as Lead Manager and Bookrunner to the Placement and Entitlement Offer, and Herbert Smith Freehills acted as legal adviser.

Further details in relation to the Placement and Entitlement Offer are contained in the equity raising presentation which will be released to the ASX following this announcement.

ENDS

This ASX release has been authorised for release to market by David Woodall, Managing Director.

David Woodall
ASM Limited
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John Gardner
Citadel-MAGNUS
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About Australian Strategic Materials – www.asm-au.com

Australian Strategic Materials Ltd (ASM) is an integrated materials business and emerging “mine to manufacturer” producer of [critical metals](#). The company’s cornerstone [Dubbo Project](#) (100% owned) is a proven long-term resource of [rare earths](#), [zirconium](#), [niobium](#), and [hafnium](#) located in central-western NSW, Australia. It represents an alternative, sustainable and secure source of these metals, which are critical for a diverse range of advanced and clean technologies.

ASM’s metals business is founded on an innovative [metallisation process](#) that converts oxides into high-purity metals, alloys, and powders using less energy than conventional methods. The pilot plant in South Korea has proven the commercial scalability of the process and successfully produced a range of high-purity metals and alloys, including titanium, neodymium, praseodymium, dysprosium, and zirconium. Following this success, ASM’s first metallisation plant will be constructed in South Korea to supply a range of critical metals including rare earths, zirconium, and titanium.

A Dubbo Project optimisation study will be completed by the end of Q1 2021, targeting improved capital and operating costs, along with an increased revenue stream. Elements of this optimisation study include simplifying the flowsheet, increasing recoveries of rare earths, and potentially including a front-end flotation circuit.

DISCLAIMER

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer of securities for sale in the United States or any other jurisdiction. Any securities described in this announcement may not be offered or sold in the United States absent registration under the US Securities Act of 1933 or an exemption from registration.

FORWARD LOOKING STATEMENTS

This document may include forward-looking statements. Forward-looking statements can generally, but not always, be identified by the use of words such as “could”, “plan”, “estimate” “expect”, “intend”, “may”, “potential”, “should” and other similar expressions, indications and guidance on, future earnings and financial position and performance are also forward-looking statements. Although ASM believes that its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.



“From mine to manufacturing”

Equity Raising Presentation

26 March 2021

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES



This investor presentation (**Presentation**) has been prepared by Australian Strategic Materials Limited (ABN 90 168 368 401) (**ASM** or the **Company**) and is dated at 26 March 2021. This Presentation has been prepared in connection with ASM's proposed equity raising as described in this Presentation, as follows:

- (a) a placement of new fully paid ordinary shares in the Company (New Shares) to sophisticated and professional investors to raise \$65 million (before costs) (**Placement**)
- (b) a non-renounceable entitlement offer of New Shares which will be issued on a 1 for 14 basis to raise up to approximately \$41 million (before costs) (**Entitlement Offer**),

(collectively, the **Offer**).

By accepting, accessing or reviewing this Presentation or attending an investor presentation or briefing, you represent and warrant that you are entitled to receive this Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

Summary Information

This Presentation contains summary information about ASM and its activities which is current as at the date of this Presentation, unless otherwise indicated.

This Presentation does not comprise all of the information which a shareholder or potential investor in ASM may require in evaluating an investment in ASM. The information in this Presentation should be read in conjunction with ASM's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

This Presentation has been prepared based on information available to ASM as at the date of this Presentation, including information from third parties that has not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy, correctness, adequacy, reliability or completeness of the information or opinions contained in this Presentation. Except for any statutory liability which cannot be excluded, ASM and its respective directors, officers, employees, agents and advisers expressly disclaim all liability for any direct or indirect loss or damage which may be suffered by any person in relation to, and take no responsibility for, any information in this Presentation or any error, misstatement or omission from it.

Not an offer

This Presentation is for information purposes only and is not a prospectus, product disclosure statement or offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission). This Presentation is not, and should not be considered, an invitation or offer of securities for subscription, purchase or sale.

An offer booklet in respect of the Entitlement Offer will be made available to eligible shareholders in Australia and New Zealand following its lodgement with ASX (**Offer Booklet**). Any eligible shareholder in Australia or New Zealand who wishes to participate in the Entitlement Offer should consider the Offer Booklet before deciding whether to apply for New Shares under the Entitlement Offer. Anyone who wishes to apply for New Shares under the Entitlement Offer will need to apply in accordance with the instructions contained in the Offer Booklet and the entitlement and acceptance form.

The distribution of this Presentation (including an electronic copy) in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Persons who come into possession of this Presentation should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws (see International Offer Restrictions in Key Risks and Selling Restrictions section of this Presentation).

This Presentation has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this Presentation have not been, and will not be, registered under the US Securities Act of 1993 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Not investment or financial advice

This Presentation, and the information provided in it, does not constitute, and is not intended to constitute, investment or financial product advice (nor taxation, accounting or legal advice) or any recommendation to acquire New Shares. This Presentation does not and will not form any part of any contract for the acquisition of New Shares. The Presentation should not be relied upon as advice to investors or potential investors and has been prepared without taking into account the investment objectives, financial situation or particular needs of any investor.

Before making any investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek their own professional legal, accounting and taxation advice appropriate to their particular circumstances and their jurisdiction. Cooling off rights do not apply to the subscription for or acquisition of New Shares offered under the Entitlement Offer.

Future performance

This Presentation contains certain “forward-looking statements”. Forward-looking statements can generally, but not always, be identified by the use of words such as “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

The forward-looking statements are based on information available to the Company as at the date of this Presentation. Forward-looking statements are provided as a general guide only and should not be relied upon as an indicator or guarantee of future performance. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies that are subject to change without notice.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including the known and unknown risks contained in the ‘Key risks’ section of this Presentation. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures.

No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Presentation.

Except as required by law or regulation (including the ASX Listing Rules), none of ASM, its representatives 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 Presentation.

Past performance

Investors should note that past performance metrics and figures, including the past share price performance of ASM, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future ASM performance including future share price performance. Any such historical information is not represented as being, and is not, indicative of the Company’s views on its future financial condition and/or performance.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. The actual calculation of these figures may differ from the figures set out in this Presentation.

No new information or data

This Presentation contains references to Mineral Resource and Ore Reserve estimates, all of which have been cross referenced to a previous market announcement made by ASM. ASM confirms that it is not aware of any new information or data that materially affects the information included in that original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed.

From mine to manufacturing

Building a unique position across the critical metals value chain

Dubbo Project (100% ASM)

- **A long-life, quality, polymetallic project** in a tier one mining jurisdiction
- **Environmental approvals and ready for construction**
- **Attractive economics**
- **Sustainable source** of zirconium, rare earth elements, niobium and hafnium oxides, targeting net-zero carbon emissions

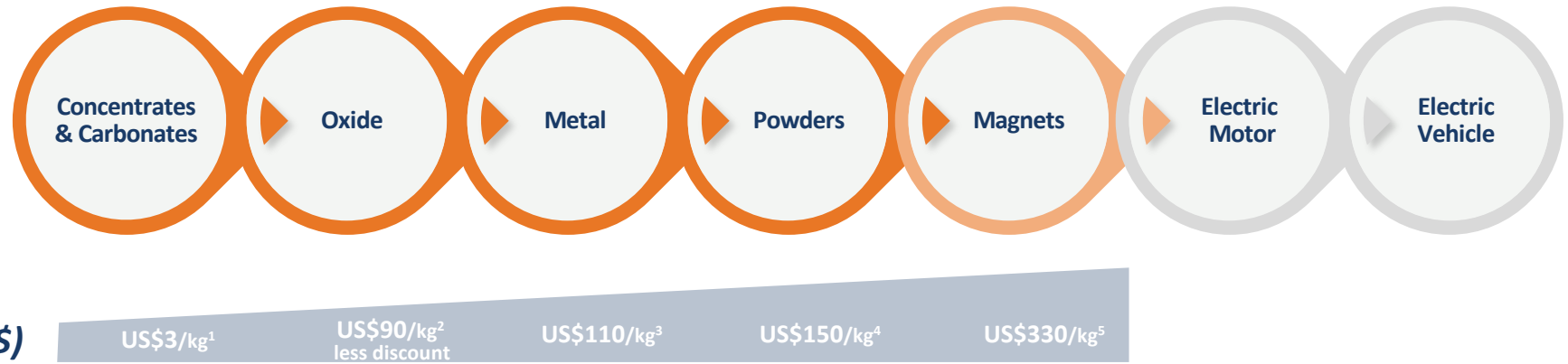
Metallisation

- **Ziron Tech (95% ASM):** an innovative, patented and commercially proven process that delivers a step-change reduction in energy use, environmental impacts and costs
- **Korean Metals Plant (KMP) (100% ASM)** ASM's first proposed plant to produce high purity metals, alloys and powders
- **A springboard for proposed global expansion** in strategic locations, identifying **partnership opportunities** to push further downstream into magnets and other applications

Well positioned in the critical metals value chain



Opportunity for ASM to produce products direct to end users



Non-Chinese producers

Oxides mostly sent to China and Japan

Concentrates and carbonates mostly sent to China



1. MP Materials average sale price for 2020

2. BAAINFO January 2021, VAT to China FOB price

3. BAAINFO January 2021

4. Estimate by IMCOA January 2021

5. Magnets sell for ~US\$100/kg but contain ~30% of Nd, reflecting an inferred Nd price of ~\$330/kg

Advancing the strategy for sustainable growth

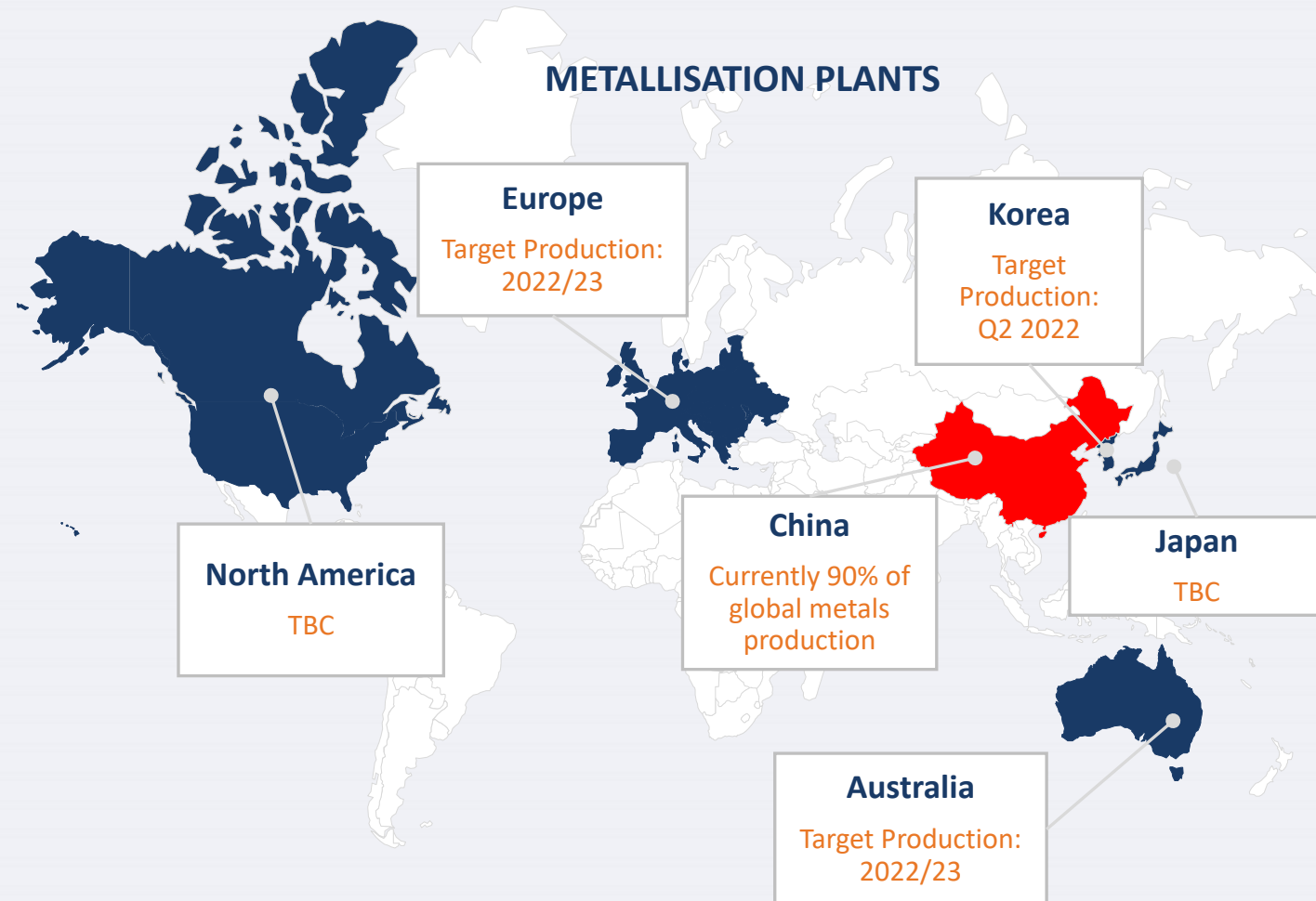
ASM is positioned to become a global, independent and integrated metals producer by 2025

Dubbo Project

- Optimisation study to be completed May 2021, followed by FEED
- Metal offtake and financing agreements targeted for 2021
- Final Investment Decision on Dubbo by end of March quarter 2022, target production in 2024

Metallisation

- Detailed engineering on KMP (underway)
- Location of plant selected with Provincial Government MoU executed
- Metal production progress from mid-2021 to 5,200t metals facility by mid 2022 (see Scoping Study Announcement)¹



Equity Raising Overview



Accelerating Development

Equity Raising

- ASM is targeting a maximum equity raising of approximately \$106m through an institutional placement of \$65m and a 1 for 14 non-underwritten non-renounceable entitlement offer to raise up to approximately \$41m
- Key shareholders (including Abbotsleigh) representing ~29.4% in total intend to take up their entitlements under the Entitlement Offer, providing minimum of ~\$12m

Offer Price & Ranking

- Offer Price for Placement and Entitlement Offer is \$4.80 per share
- The Offer Price represents a discount of approximately:
 - 4% to ASM's last closing price on Tuesday 23 March 2021 of \$4.99
 - 10% to ASM's 5 day Volume Weighted Average Price (VWAP) of \$5.35
- New Shares issued under the Offer will rank equally with existing ASM shares on issue

Use of Proceeds

- Final Engineering and Construction of the proposed 100% owned Korean Metals Plant (KMP) and associated costs
- Acceleration of Dubbo Project detailed construction design (~30% engineering)
- Additional proceeds to be used for general corporate, working capital purposes and offer costs

Rationale

- Positions ASM for rapid development of proposed KMP once offtake finalised and FID is made
- Positions ASM to capture full financial benefit of Ziron Tech investment
- Positions ASM to become a commercial supplier of critical metals and products to key customers from Q3 2021
- Potential significant cashflow generation from 2022 from KMP
- Potential for KMP to be expanded to take Dubbo Project oxides upon Dubbo Project ramp-up

Progressing the Mine to Manufacturing Model

Acceleration

- ✓ Allows ASM to finalise engineering and offtake for KMP with development funding in place
- ✓ Dubbo Project timetable is retained with accelerated design work funded
- ✓ Positions ASM to recruit key executives with confidence

Flexibility

- ✓ Ungeared KMP development provides funding optionality for future Dubbo Project funding initiatives
- ✓ ASM funded for 2021 work program
- ✓ Balance sheet flexibility allows ASM to consider other growth options (e.g. metal plants in other jurisdictions in 2022)

Access and Equality

- ✓ Grows institutional ownership of ASM and introduces several significant global and Australian funds
- ✓ ASM has commenced index inclusion (All Ords)
- ✓ Eligible shareholders can access raising via Entitlement Offer

Source of Funds

Existing Cash (31.12.2020)	\$12m
Institutional Placement	\$65m
Entitlement Offer (committed)	\$12m
<i>Entitlement Offer maximum</i>	<i>\$41m</i>
Total Sources (EO committed)	\$89m

Use of Funds

KMP Engineering	\$2m
KMP Construction	\$44m
Dubbo Engineering (FEED)	\$18m
Corporate Costs	\$10m
Working Capital	\$15m
Total Uses	\$89m

Note: additional funds under Entitlement Offer will be applied to working capital

Equity Raising Timetable

Event	Dates (2021)
Announcement of Offer	Friday 26 March
Trading in ASM shares resumes	Friday 26 March
Entitlement Offer 'Ex' Date	Tuesday 30 March
Record Date for Entitlement Offer	Wednesday 31 March
Settlement of Placement	Thursday 1 April
Issue of Placement Shares and Normal Trading	Tuesday 6 April
Entitlement Offer Document Circulated	Wednesday 7 April
Entitlement Offer Period	Wednesday 7 April – Friday 16 April
Entitlement Offer Shares Allocated	Monday 19 April
Announcement of results of Entitlement Offer	Wednesday 21 April

Corporate Profile

Capital Structure

Ordinary Shares	120.36 million
Share Price (22 March 2021)	A\$4.99
Market Capitalisation	A\$600.6M
52 week low/high	A\$0.84/\$6.84
Cash (31 December 2020)	A\$12.4M
Enterprise Value	A\$588.2M
Average Daily Turnover (3 Months)	A\$3.0 million

Board

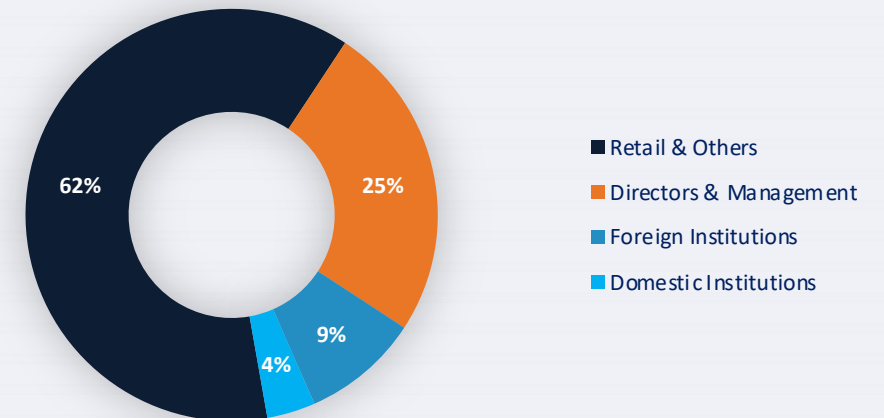
- **Ian Jeffrey Gandel** (Non-Executive Chairman) LLB, BEc, FCPA, FAICD
- **David Woodall** (Managing Director) BSc (Mining Eng) MSc (Mineral Economics) and Graduate Diploma (Business), Curtin University
- **Nic Earner** (Non-Executive Director) BEng (Hons)
- **Ian Chalmers** (Non-Executive Director) MSc, FAusIMM, FAIG, FIMMM, FSEG, MSGA, MGSA, FAICD
- **Gavin Smith** (Non-Executive Director) B.Com, MBA, MAICD



Share Price and Volume (6 Months)



Shareholders 31 December 2020



The Rare Earths Market



Rare Earths: Building blocks of the New Economy

- Rare earths and other critical metals are central to the electrification of the global economy.
- Rare earths are recognised by governments as a strategic resource, given their use in making permanent magnets.
- Permanent magnet applications are essential for the New Economy.
- Current global production is heavily concentrated in China.

Australia has a key role to play in reducing China's rare-earths dominance

25 Feb 2021 | Matthew Page and John Coyne

North of 26° south



US President Joe Biden has just signed an **executive order** launching a comprehensive review of America's critical supply chains for strategically significant products and resources.

Among those are rare-earth elements, supplies of which the Biden administration says must not be 'dependent upon foreign sources or single points of failure in times of national emergency'. 'Foreign sources' points a clear finger at one country which has dominated the market for decades.

Critical Metals: Essential for New Technology

Electric Vehicles (EV)

~5kg Rare Earth Permanent Magnets



Growth: 3.4M to 25.3M EV cars globally by 2030¹

Wind Turbines

~195kg of Nd/MW



Forecast 7.9% annual growth from 2020 to 2024²

Defence / Aerospace



Jet turbines, GPS, defence systems

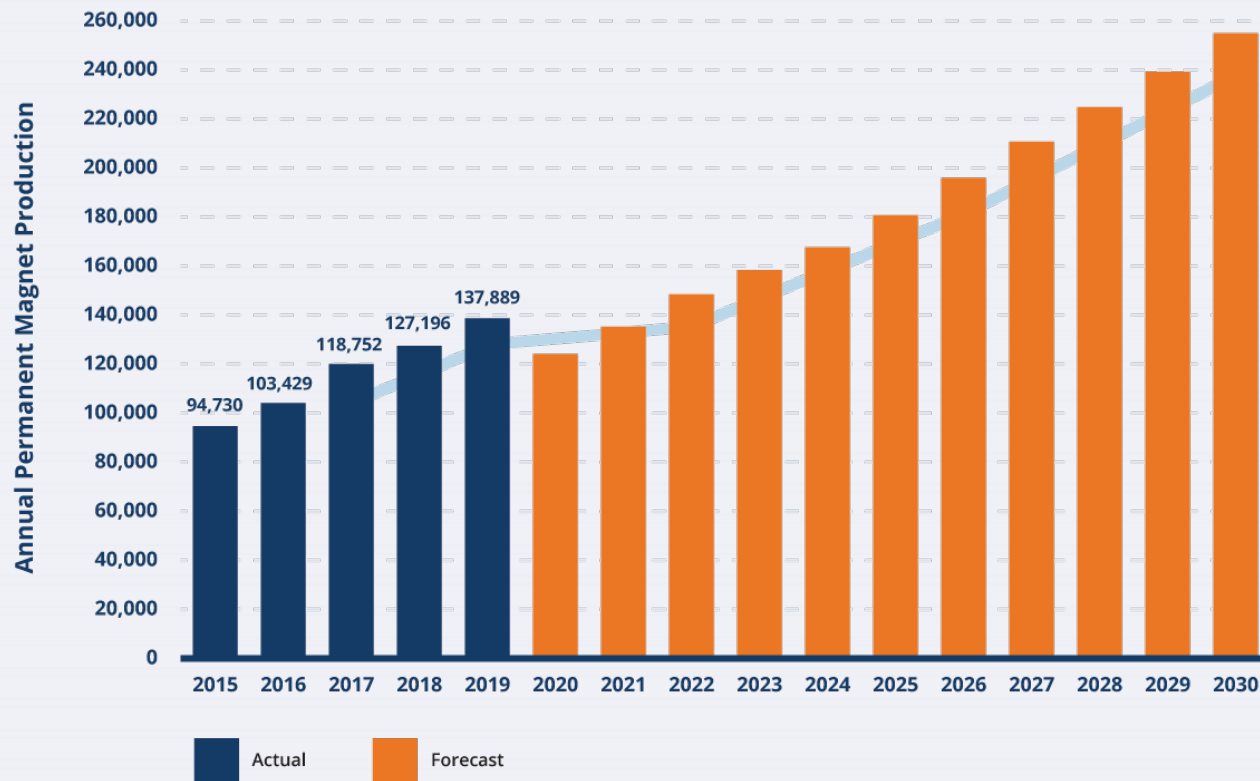
Telecommunications



Telecommunications systems, satellites, smart phones

Electric Vehicles: Driving Global Growth

Rare Earth Permanent Magnets Growth to 2030



Electric Vehicles (EV)

Set to consume 25% of permanent magnets globally by 2030



46.8%
Commercial EV
Traction Motors



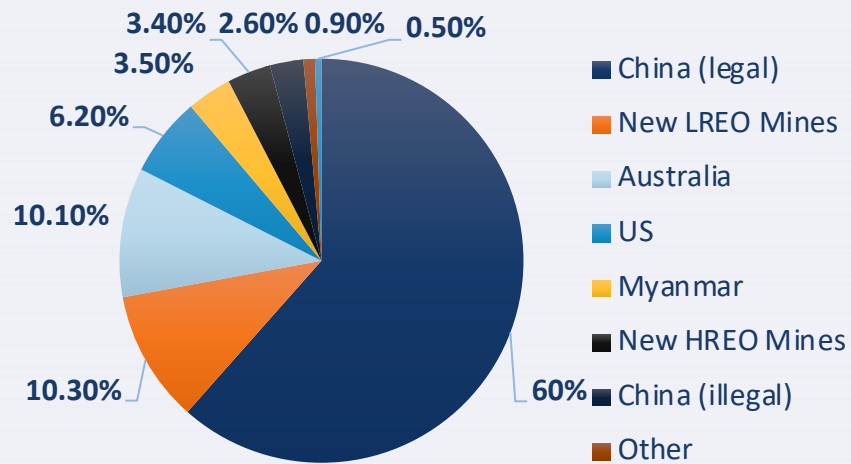
25.7%
Passenger EV
Traction Motors



14.9%
Electric Mobility
Vehicles

Critical Materials Supply

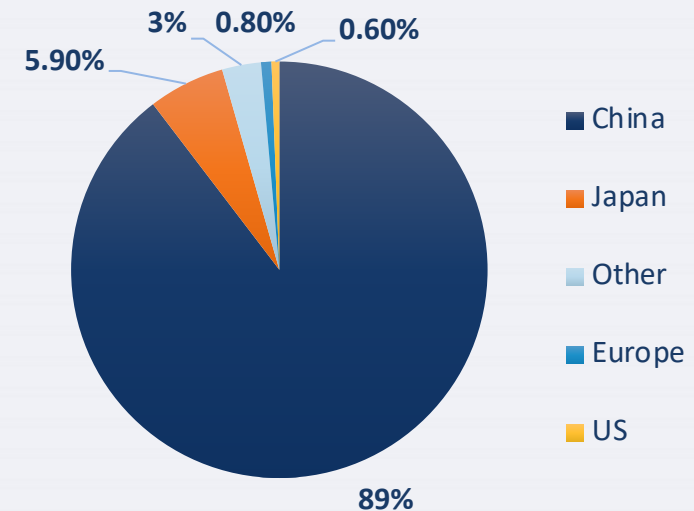
Projected Regional Production of Rare Earth Oxides (2030)



Forecast Production 2030: ~90 ktpa

Source: Adamas Intelligence

Projected Regional Manufacturing of Permanent Magnets (2030)



Source: Adamas Intelligence

- Production of oxides, metals and metal powders is **highly concentrated**.
- Suppliers of concentrates and oxides receive **discounted realised pricing** i.e. they are price takers.
- **Value maximised** where metals and powders are integrated within manufacturing i.e. the ASM strategy.

ASM



The ASM Advantage



Integrated mine to manufacture business model

- Potential for Dubbo **oxide product** to be used in the Company's **metal plants**
- Third party oxides, strategic plants provide further growth opportunities



Full value captured along the supply chain

- **Full value captured** as metals, alloys and powders delivered direct to manufacturing consumers
- Metal products can be **adjusted to demand** and customer specifications



Total Supply Chain Solution

- Market opportunity for a competitive metals supplier outside the traditional supply chain
- Geopolitical and process **risk mitigation**

The Vision for ASM

Dubbo Project

Rare earths to Oxides

- Development of the long-life **Dubbo Project** in a tier one jurisdiction, to produce high-quality oxides of zirconium, rare earths, niobium and hafnium
- Current resource supports **extensive project life**
- ASM plans to develop Dubbo into a **net zero** carbon emissions project

Integrated Global Critical Metals Business

Strategically located speciality Metals Plants and downstream opportunities

Development of ASM into an independent, long-term, net zero-carbon supplier of critical metals

Metallisation

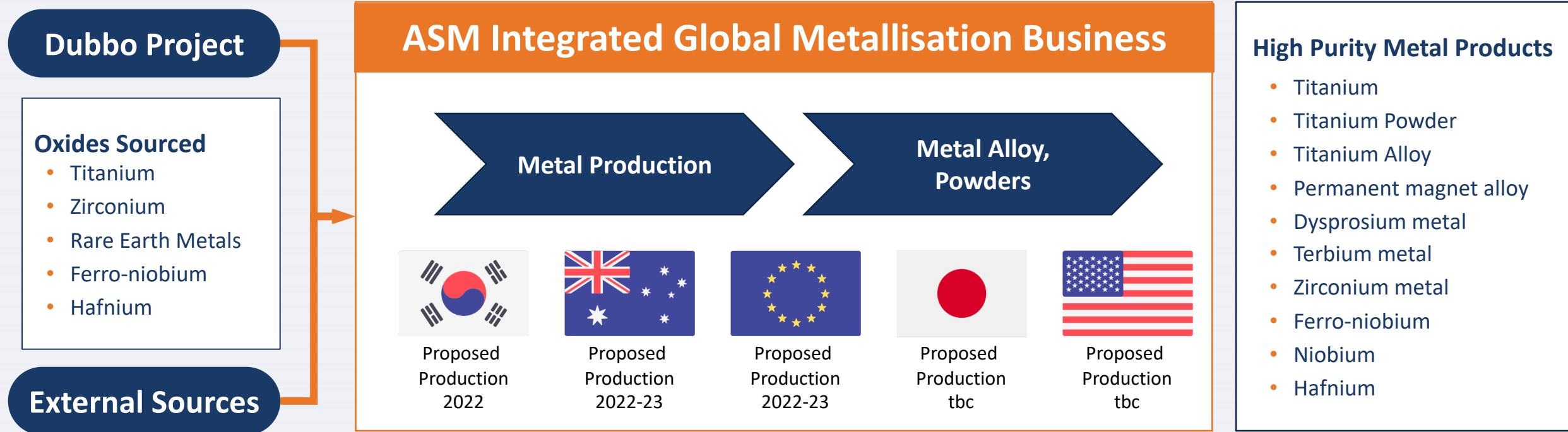
Oxides to Critical Metals/Alloys/Powders

- To produce **high-purity metals** from oxides, using significantly less energy than conventional methods with significant environmental and cost benefits
- Develop Korean Metal Plant (KMP) in **key industrial zone** in Korea delivering directly into the growing Korean market
- Develop other metal plants in **strategic global locations**

External Sources

Feedstock to metal plants

The Vision for ASM: 2021 to 2025



Initial Korean plant proposed production - 5,200tpa

Delivering the Strategy



Delivered (since July 2020)

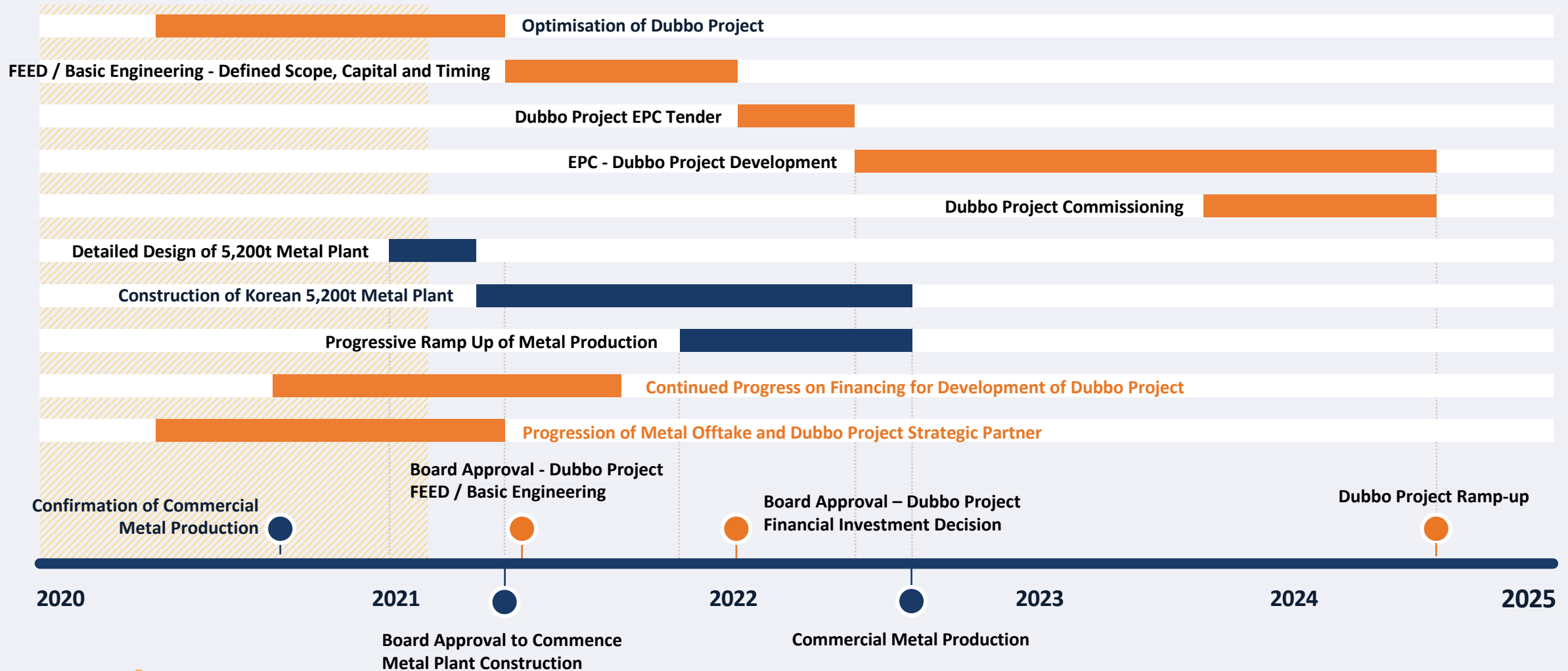
- ✓ Value accretive demerger from Alkane Resources
- ✓ Acquired 95% of Ziron Technology Corporation (Ziron Tech)
- ✓ Successfully produced: high-purity zirconium metal powder, titanium metal powder, titanium copper alloy, ferro-neodymium, neodymium iron boron (NdFeB) magnet alloy
- ✓ Korean Atomic Energy Research Institute (KAERI) confirmed de-hafniated zirconium metal meets Korean market requirements
- ✓ Pilot plant improves efficiency and completes commercial production test
- ✓ Scoping study complete on Korean Metal Plant (KMP)



Planned for 2021

- Optimisation of the Dubbo Project (June Qtr 2021)
- Detailed Engineering of Korean Metal Plant has commenced
- Commercial production from pilot plant (H2 calendar 2021)
- FID on first metallisation plant (KMP)
- Continued progress on strategic engagement and financing discussions with :
 - key Korean Government departments
 - metal offtake and strategic partners
 - Korean debt financiers
 - large Korean EPC/EPCM companies
 - Australian government financiers (EFA, CEFC)

Potential Timetable: Sustainable, Secure and Stable Supply





Committed to Sustainability

A sustainable path from mine to manufacturing

Dubbo Project

Targeting zero carbon emissions

- Powered by large scale renewables, with energy co-generation from our plant

Minimising our environmental footprint

- Halved water usage through the mine design phase
- Progressive rehabilitation at the Dubbo mine

Community

- We engage our local community as a source of local job and business opportunities
- Our social investment program helps build community capacity and resilience

Metallisation

Commercialising a new metallisation process

- Ziron Tech innovation:
 - Titanium power consumption less than 30kW per kg versus 110kW for current industrial
 - Neodymium – 220g CO₂ per kg
- **Environmentally responsible process** that recycles key inputs
- **No harmful waste** (compared to conventional production processes)

Accelerating ASM's Mine to manufacturing

- **This financing provides sufficient funds to commence metallisation and to take Dubbo Project through detailed design and to FID and awarding of major EPC / EPCM contracts**
- **ASM will be positioned to commence revenue generation and earnings through:**
 - Conversion of pilot plant into commercial production
 - Commencement of supply of critical metals and products to key customers in Q3 2021
 - Construction of KMP commencing H2 2021 (subject to FID)
 - Potential for significant cashflow generation from KMP in 2022
- **Next steps:**
 - FEED for the Dubbo Project
 - Financing agreements
 - Offtake agreements

Key Risks and Selling Restrictions



Key Risks

This section discusses some of the key risks associated with any investment in ASM together with risks relating to participation in the Offer which may affect the future operating and financial performance of ASM and the value of ASM shares. The risks set out below do not constitute an exhaustive list of all risks involved with an investment in ASM.

ASM seeks to reduce risk to its business through appropriate risk mitigants, however, if any of the following risks materialise, business, financial condition and operating results are likely to be adversely impacted.

Before investing in ASM, you should carefully consider whether this investment is suitable for you. Potential investors should consider publicly available information on ASM (such as that available on the ASX website), and consider consulting a stockbroker, legal advisor, accountant or other professional advisors before making an investment decision.

ENTITLEMENT OFFER SPECIFIC RISKS

The Entitlement Offer is not underwritten

The Entitlement Offer is not underwritten. As such, there is no guarantee that the intended amount of \$41 million will be raised. If the proceeds from the Entitlement Offer are less than is required to meet the Company's proposed use of funds, the Company may review its proposed use of funds (including whether to scale back or defer investment) as well as consider alternative funding options.

Speculative investment

The New Shares to be issued pursuant to the Entitlement Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares. Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for shares pursuant to the Entitlement Offer.

Dilution

Shareholders who do not participate in the Entitlement Offer, or who do not take up all of their entitlement under the Entitlement Offer, will have their percentage security holding in the Company diluted.

COMPANY SPECIFIC RISKS

COVID-19 risk

The Company has implemented measures across its business with the intent of minimising the risk of infection for individuals and the impact of COVID-19 on the Company's business.

There is a risk that if the duration of events surrounding COVID-19 are prolonged, the Company may need to take additional measures in order to respond appropriately (for example, restructuring to reduce further costs from its business and raising additional funding). There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of the Company and may be exacerbated in an economic recession or downturn. These include but are not limited to (i) changes in inflation, interest rates and foreign currency exchange rates; (ii) changes in employment levels and labour costs; (iii) changes in aggregate investment and economic output; and (iv) other changes in economic condition which may affect the revenue or costs of the Company.

Development of Korean metallisation plant

The Company's ability to successfully develop and commercialise its proposed Korean metallisation plant, may be affected by numerous factors including but not limited to: its ability to secure raw materials and customer offtakes, obtaining required approvals, delays in commissioning or ramp up, the plant not performing in accordance with expectations and costs overruns.

If the Company is unable to mitigate these factors and others not listed here, this could result in the Company not realising its development plans at the Korean metallisation plant or result in such plans costing more than expected or taking longer to realise than expected. Ultimately, this could have an adverse impact on the ASM share price.

Commodity prices

ASM's future prospects and the ASM share price will be influenced by the prices obtained for the commodities produced and targeted in ASM's development and exploration programs. Commodity prices fluctuate and are impacted by factors including the relationship between global supply and demand for minerals, forward selling by producers, costs of production, geopolitical factors (including trade tensions) and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand factors. These factors may have an adverse effect on ASM's production and exploration activities and any subsequent development and production activities, as well as its ability to fund its future activities.

Further, rare earth products are not exchange traded commodities. ASM will require contracts for sale of these mineral commodities. There is no guarantee the Company will secure contracts on terms favourable to the Company. Rare earth product prices will depend on available markets at acceptable prices and distribution and other costs.

Key Risks

Legislative changes, government policy and approvals

Changes in government, monetary policies, taxation and other laws in Australia, Korea or internationally may impact the Company's operations and the value of the New Shares. The Company requires government regulatory approvals for its operations. As at the date of this Presentation, the Company has received all major state and federal approvals and licences required for execution of the Dubbo Project.

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

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

Environment

ASM's projects are subject to the environmental laws and regulations of Australia and Korea. While ASM proposes to comply with applicable laws and regulations and conduct its programs in a responsible manner with regard to the environment, there is the risk that ASM may incur liability under these laws and regulations.

The Company is also unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's business, financial condition and performance.

Reliance on key personnel

ASM is a development company and will be dependent on its directors, managers and consultants to implement its business strategy. A number of factors, including the departure of senior management of ASM or a failure to attract or retain suitably qualified key employees, could adversely affect ASM's business strategy.

Taxation

In all places where ASM has operations, in addition to the normal level of income tax imposed on all industries, ASM may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

COMPANY SPECIFIC RISKS – DUBBO PROJECT

Future funding requirements

ASM's activities will require substantial expenditure going forward in order to commence construction particularly with respect to the development of the Dubbo Project. Expenditure needs for the development of the Dubbo Project will not be satisfied by the Placement and Entitlement Offer alone.

No decision has been made in relation to the funding of the Dubbo Project, but any additional equity financing that may be required may be undertaken at lower prices than the current market price (or Offer price) or may involve restrictive covenants which limit the Company's operations and business strategy. Further, any debt financing may involve restrictions on financing and operating activities.

Although the Company believes that additional funding can be obtained, no assurances can be made that appropriate funding will be available on terms favourable to the Company or at all. If ASM is unable to obtain additional financing as required, it may be required to scale back its development program. In addition, ASM's ability to continue as a going concern may be diminished. There is no guarantee that ASM will be able to secure any additional funding or be able to secure funding on terms favourable to ASM. Such circumstances would adversely affect ASM and its activities.

Development of Dubbo Project

The Company's ability to successfully develop and commercialise the Dubbo Project, may be affected by numerous factors including but not limited to: macro-economic conditions, obtaining required approvals, ability to obtain sufficient funding, and costs overruns.

If the Company is unable to mitigate these factors and others not listed here, this could result in the Company not realising its development plans at the Dubbo Project or result in such plans costing more than expected or taking longer to realise than expected. Ultimately, this could have an adverse impact on the ASM share price.

Key Risks

Exploration risks

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

Mineral Resource and Ore Reserve Estimates

Mineral Resource and Ore Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, Mineral Resource and Ore Reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the Mineral Resource and Ore Reserve estimates may change.

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

Title

Currently, ASM wholly owns all mining tenements required to operate and develop the Dubbo Project.

Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

Tenure, Native Title, Aboriginal Heritage and Land Claims Risks

Interests in exploration and mining tenements in Australia are governed by state legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently, ASM could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met.

It is possible that, in relation to tenements in which ASM has an interest or may acquire such an interest, there may be areas over which legitimate native title rights exist or which are subject to native title claims made under the *Native Title Act 1993* (Cth) or Aboriginal land claims made under the *Aboriginal Land Rights Act 1983* (NSW). In such circumstances, the ability of ASM to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

Further, it is possible that there will exist on ASM's mining tenements, areas containing sacred sites or sites of significance to Aboriginal people in accordance with their tradition that are protected under the Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth). As a result, land within the tenements may be subject to restrictions on exploration, mining or other uses and/or significant approval hurdles may apply.

GENERAL RISKS

Economic factors

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position. The Company's future possible revenues and share price can be affected by these factors, which are beyond the control of the Company.

Stock market conditions

As with all stock market investments, there are risks associated with an investment in the Company. Share prices, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates. These factors may materially affect the market price of the securities regardless of the Company's performance. The past performance of the Company is not necessarily an indication as to future performance of the Company as the trading price of Shares can go up or down. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Key Risks

Liquidity

There may be relatively few buyers or sellers of ASM Shares on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which ASM Shareholders hold their ASM Shares. This may result in ASM Shareholders receiving a market price for their ASM Shares that is less or more than the value attributed to them under the Offer.

Share market

On completion of the Entitlement Offer, the New Shares may trade on ASX at higher or lower prices than the Offer Price. Investors who decide to sell their New Shares after the Entitlement Offer may not receive the amount of their original investment. There can be no guarantee that the price of New Shares will increase after they are issued. The price at which the New Shares trade on ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control. These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

Foreign exchange

Foreign exchange rates fluctuate over time. Fluctuating exchange rates have a direct effect on ASM operating costs and cash flows expressed in Australian dollars.

Political risk and instability

ASM's main project is the Dubbo Project located in Australia. ASM also operates in South Korea through its investment in Korean Strategic Materials Technology Co. Ltd (formerly Ziron Tech). ASM is subject to the risk that it may not be able to carry out its activities as it intends, including because of a change in government, legislation, regulation or policy.

Competition

ASM's ability to enter into contracts for the supply of products at profitable prices may be adversely affected by the introduction of new suppliers and any increase in competition in the global critical materials market, either of which could increase the global supply of these products and thereby potentially lower the prices.

Occupational health and safety

Exploration and production activities may expose ASM's staff and contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Company's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Company's business and reputation.

Insurance

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

Litigation risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, pandemics (i.e. Covid-19), explosions or other catastrophes, epidemics or quarantine restrictions.

Unknown risks

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

International Offer Restrictions

This document does not constitute an offer of new ordinary shares (**New Shares**) of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

European Union (excluding Austria)

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares under the Placement are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

International Offer Restrictions

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.



Dave Woodall

ASM Managing Director

 asm-au.com  [ASM_au](https://twitter.com/ASM_au)

Dubbo Project Resources & Reserves

Dubbo Project – Mineral Resources

Resource Category	Tonnes (Mt)	ZrO ₂ (%)	HfO ₂ (%)	Nb ₂ O ₅ (%)	Ta ₂ O ₅ (%)	Y ₂ O 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

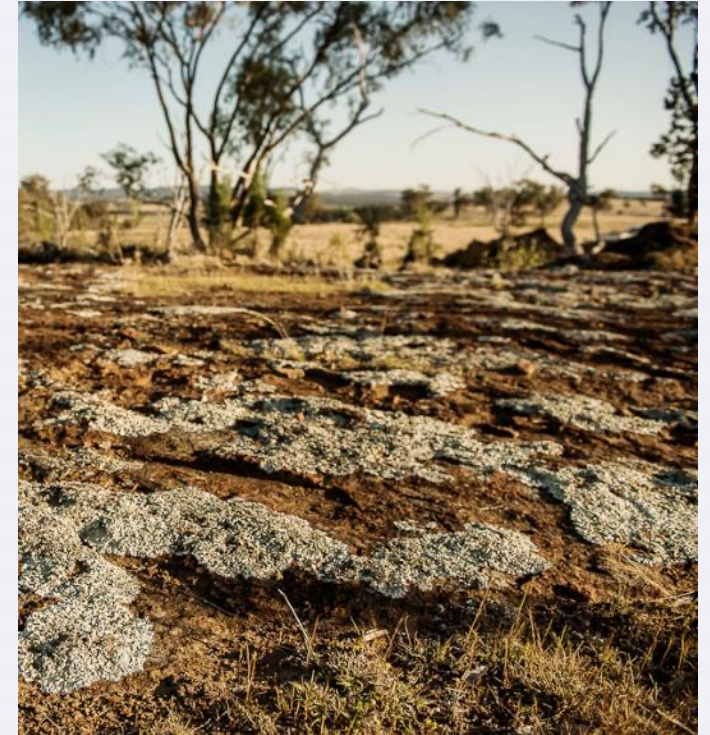
*TREO% is the sum of all rare earth oxides excluding ZrO₂, HfO₂, Nb₂O₃, Ta₂O₅, Y₂O₃,

Dubbo Project – Ore Reserves

Reserve Category	Tonnes (Mt)	ZrO ₂ (%)	HfO ₂ (%)	Nb ₂ O ₅ (%)	Ta ₂ O ₅ (%)	Y ₂ O ₃ (%)	TREO* (%)
Proved	18.90	1.85	0.04	0.440	0.029	0.136	0.735
Total	18.90	1.85	0.04	0.440	0.029	0.136	0.735

*TREO% is the sum of all rare earth oxides excluding ZrO₂, HfO₂, Nb₂O₃, Ta₂O₅, Y₂O₃,

Note: Full details including Competent Person statements are included in the Company's annual governance statement in the Annual Report released to the ASX on 7 October 2020 - the Company confirms that it is not aware of any new information or data that materially affects the information included in that original market announcement and that all material assumptions and technical parameters underpinning the estimated Mineral Resources and Ore Reserves, as disclosed in that original market announcement, continue to apply and have not materially changed



5 Additional information

5.1 Responsibility for this Offer Booklet

This Offer Booklet (including the enclosed ASX Announcement and Investor Presentation and attached Entitlement and Acceptance Form) has been prepared by ASM. No party other than ASM has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes or gives any statements, representations, or undertakings in, this Offer Booklet.

5.2 Date of this Offer Booklet

This Offer Booklet is dated Wednesday, 7 April 2021. Subject to the following paragraph, statements in this Offer Booklet are made only as of the date of this Offer Booklet unless otherwise stated and the information in this Offer Booklet remains subject to change without notice. ASM is not responsible for updating this Offer Booklet.

The ASX Announcement and Investor Presentation set out in Section 4 of this Offer Booklet are current as at the date on which they were released. There may be additional announcements that are made by ASM (including after the date of this Offer Booklet) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by ASM before submitting an Application.

5.3 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares with effect from their date of issue.

The rights attaching to the New Shares are set out in ASM's constitution and are regulated by the Corporations Act, Listing Rules, and general law.

5.4 Allotment, quotation, and trading

ASM will apply for quotation of the New Shares on ASX in accordance with Listing Rule requirements.

Subject to ASX approval being granted, it is expected that the New Shares allotted under the Entitlement Offer will commence trading on a normal basis on Monday, 26 April 2021. Application Monies will be held by ASM on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies, and any interest earned on Application Monies will be for the benefit of ASM and will be retained by ASM irrespective of whether New Shares are issued. If ASX does not grant quotation of the New Shares, ASM will repay all Application Monies (without interest).

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in such Shares.

5.5 Dispatch of Offer Booklet and holding statements

Eligible Shareholders who have elected to receive communications from the Company by email will be emailed the Offer Booklet at their nominated email address.

Dispatch of holding statements is expected to occur on the date specified in the 'Key dates' section of this Offer Booklet.

5.6 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely on upon paper documentation.

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

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

5.7 Reconciliation

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

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

ASM also reserves the right to reduce the number of an Entitlement or New Shares allocated to eligible Shareholders or persons claiming to be eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are not eligible Shareholders.

5.8 Lead Manager

Neither the Lead Manager nor any of their respective related bodies corporate and affiliates, nor any of its directors, officers, partners, employees, representatives, agents, consultants, partners or advisers (together, the **Lead Manager Parties**) have authorised, permitted or caused the issue, despatch or provision of this Offer Booklet and they do not take responsibility for any statements made in this Offer Booklet or any action taken by you on the basis of such information. The Lead Manager has not authorised, approved, or verified any forward-looking statements included in this Offer Booklet. To the maximum extent permitted by law, each Lead Manager Party excludes and disclaims all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise, and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of this Offer Booklet.

The Lead Manager Parties take no responsibility for any part of the Offer Booklet or liability (including, without limitation, any liability arising from fault or negligence on the part of any person) for any direct, indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of the Offer Booklet or otherwise arising in connection with it.

None of the Lead Manager Parties make any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any

representations or warranties, express or implied, to you concerning this Entitlement Offer or any such information and you represent, warrant and agree that you have not relied on any statements made by the Lead Manager Parties in relation to the New Shares or the Entitlement Offer generally.

5.9 Continuous disclosure

ASM is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports. Please refer to the half year results for the 6 months ended 31 December 2020 as released to ASX on 26 February 2021 and the annual report for the financial year ended 30 June 2020 as released to ASX on 7 October 2020.

ASM is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, ASM has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of ASM shares. That information is available to the public from ASX.

Some documents are required to be lodged with ASIC in relation to ASM. These documents may be obtained from, or inspected at, an ASIC office, subject to any changes in access given the current circumstances.

5.10 Impact on control

The potential effect the Entitlement Offer will have on control of ASM, and the consequences of that effect, will depend on a number of factors, including the extent to which Eligible Shareholders take up their New Shares under the Entitlement Offer.

If all of the Eligible Shareholders take up their entitlements to New Shares under the Entitlement Offer, there will be no material effect on the control of ASM as Eligible Shareholders would continue to hold the same percentage interest in ASM (as they did after completion of the issue of Shares under the Placement).

Shareholders who are ineligible to participate in the Entitlement Offer will have their percentage holding in ASM’s shares diluted as a consequence of the issue of New Shares.

To the extent that an Eligible Shareholder fails to take up their Entitlement under the Entitlement Offer, that Eligible Shareholder’s percentage holding in ASM’s shares would be diluted by the issue of the New Shares relative to those who did take up their full entitlement. Given the terms of the Entitlement Offer, the maximum possible dilution to an Eligible Shareholder’s interest in the Company would be 7.14%.

Abbotsleigh (a substantial Shareholder and an entity controlled by Mr Ian Gandel, a director of the Company) (**Abbotsleigh**) has expressed an intention to take up its full Entitlement. Immediately prior to the announcement of the Offer, Abbotsleigh had voting power in the Company of 24.49%. However, this will decrease as a result of the New Shares issued under the Placement. Given Abbotsleigh intends to take up its full Entitlement, 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).

Overall, the Entitlement Offer is not expected to have any material effect or consequence on the control of ASM.

5.11 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been made or accepted.

5.12 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

5.13 Not financial product or investment advice

This Offer Booklet and the accompanying Entitlement and Acceptance Form is for information purposes only and is not a prospectus, disclosure document or other offering document under the Corporations Act or any other law and has not been lodged with ASIC. It is also not financial product or investment advice or a recommendation to acquire New Shares and has been prepared without taking into account your objectives, financial circumstances, or particular needs. This Offer Booklet should not be considered to be comprehensive and does not purport to contain all the information that you may require to make a decision about whether to submit your Entitlement and Acceptance Form and invest in New Shares. This Offer Booklet should be read in conjunction with ASM's other periodic statements and continuous disclosure announcements lodged with ASX which are available at www.asx.com.au.

Before making an investment decision, you should consider the appropriateness of the information in this Offer Booklet having regard to your own objectives, financial situation and needs and seek legal and taxation advice appropriate to your jurisdiction. If you have any questions about whether you should participate in the Entitlement Offer, you should seek professional financial advice before making any investment decision. ASM is not licensed to provide financial product advice in respect of New Shares.

5.14 Taxation

There may be tax implications associated with participating in the Entitlement Offer and receiving New Shares. The potential tax effects of participating in the Entitlement Offer will vary between investors. ASM considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Offer Booklet or the subsequent disposal of any New Shares. Consequently, ASM strongly advises that all investors should satisfy themselves of any possible tax consequences by consulting their own professional tax adviser before deciding whether or not to participate in the Entitlement Offer.

5.15 Financial data

All dollar values are in Australian dollars (\$A).

All financial data is presented as at Wednesday, 7 April 2021 unless otherwise stated.

5.16 Ineligible Shareholders

All Shareholders who do not satisfy the criteria to be Eligible Shareholders are **Ineligible Shareholders**. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless ASM otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because ASM has determined, pursuant to Listing Rule 7.7.1(a) and section 9A(3)(a) of the

Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number of Ineligible Shareholders, the number and value of New Shares to which those Ineligible Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

ASM, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. ASM, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, ASM disclaims all liability in respect of such determination.

6 Definitions

The meanings of the terms used in this agreement are set out below.

Term	Meaning
A\$, \$, dollar or cents	the currency of Australia.
Applicant	an Eligible Shareholder who has submitted a valid Application.
Application	the arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.
Application Monies	the aggregate amount payable for the New Shares applied for through BPAY® or in a duly completed Entitlement and Acceptance Form.
ASIC	the Australian Securities and Investments Commission.
ASM	Australian Strategic Materials Limited (ACN 168 368 401).
ASX	ASX Limited (ACN 008 624 691) or, where the context requires, the securities exchange operated by it on which Shares are quoted.
ASX Announcement	ASM's initial ASX announcement in relation to the Offer released to the ASX on Friday, 26 March 2021, incorporated in Section 4 of this Offer Booklet.
Business Day	the meaning given in the Listing Rules.
Closing Date	5pm (Perth time) on Friday, 16 April 2021, being the day the Entitlement Offer closes (unless extended).
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
CRN	the unique Customer Reference Number on the personalised Entitlement and Acceptance Form.

Term	Meaning
Dubbo Project	ASM's wholly owned polymetallic project of zirconium, rare earths, niobium, hafnium, tantalum and yttrium located south of Dubbo in central-western New South Wales, Australia.
Eligible Shareholder	the meaning given in Section 2.5 of this Offer Booklet.
Entitlement	the right to subscribe for 1 New Share for every 14 Existing Shares held by eligible Shareholders on the Record Date, pursuant to the Entitlement Offer.
Entitlement and Acceptance Form	the entitlement and acceptance form accompanying this Offer Booklet.
Entitlement Offer	the pro rata non-renounceable offer to Eligible Shareholders to subscribe for 1 New Share for every 14 Existing Shares of which the Shareholder is the registered holder on the Record Date, at an Offer Price of \$4.80 per New Share pursuant to this Offer Booklet.
Existing Shares	the Shares already on issue on the Record Date.
Ineligible Shareholder	the meaning given in Section 5.16 of this Offer Booklet.
Institutional Investors	<p>a person who ASM reasonably believes, in consultation with the Lead Manager, to be a person to whom an offer of New Shares may be made:</p> <ul style="list-style-type: none"> • in Australia, without issue of a prospectus under Chapter 6D of the Corporations Act, any other lodgement (in each case disregarding the operation of sections 708A and 708AA of the Corporations Act), and without registration or approval with or by a government agency (other than one with which ASM, in its absolute discretion, is willing to comply); or • in selected jurisdictions outside Australia, without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that particular foreign jurisdiction (except to the extent to which ASM, in its absolute discretion, is willing to comply with such requirements), <p>in each case who is not in the United States and will acquire the New Shares in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.</p>
Institutional Shareholder	a Shareholder who is an Institutional Investor.

Term	Meaning
Investor Presentation	the presentation to investors released to the ASX on Friday, 26 March 2021, incorporated in Section 4 of this Offer Booklet.
Korean Metals Plant	ASM's proposed 5,200tpa metals plant in Korea that is intended to produce high purity metals, alloys and powders using its internally developed innovative, low-energy metallisation process.
Lead Manager	Petra Capital Pty Ltd (ABN 95 110 952 782).
Lead Manager Parties	the Lead Manager's affiliates, related bodies corporate (as that term is defined in the Corporations Act), and their respective directors, employees, officers, representatives, agents, partners, consultants, and advisers.
Listing Rules	the official listing rules of ASX.
New Shares	Shares to be allotted and issued under the Offer.
Offer	the Entitlement Offer and the Placement.
Offer Booklet	this Offer Booklet issued by ASM and dated Wednesday, 7 April 2021.
Offer Price	\$4.80 per New Share.
Permitted Jurisdiction	Australia and New Zealand.
Placement	the placement of approximately 13.5 million New Shares to institutional and professional investors to raise approximately \$65 million (before costs) at the Offer Price as announced to the ASX on Friday, 26 March 2021.
Record Date	5pm (Perth time) on Wednesday, 31 March 2021.
Share	a fully paid ordinary share in the capital of ASM.
Share Registry	Advanced Share Registry Services.

Term	Meaning
Shareholder	a registered holder of Shares.
Shortfall or Shortfall Shares	those New Shares offered under the Entitlement Offer which are not subscribed for by Eligible Shareholders.
U.S. Securities Act	the <i>U.S. Securities Act of 1933</i> , as amended.
Ziron Tech	a patented metallisation process which delivers a step-change reduction in energy use, environmental impacts and costs in which ASM holds a 95% interest.

Corporate information

ASM

Australian Strategic Materials Limited
G 89-91 Burswood Road
Burswood WA 6100
Tel: +61 (08) 9227 5677
<https://asm-au.com/>

ASM Offer Information Line

Phone number (Australia and international): +61 8 9200 1681

Open 8.30am to 5.00pm (Perth time) on Monday to Friday, before the Entitlement Offer closes at 5pm (Perth time) on Friday, 16 April 2021 (unless extended)

Lead Manager

Petra Capital Pty Ltd
Level 17, 14 Martin Place
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Legal Adviser

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Share Registry

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