ASX Announcement

Release Date: 25 February 2022

ASM signs Exclusive Heads of Agreement with Hyundai Engineering Corporation

Key points

- Hyundai Engineering Corporation Co., Ltd., (**HEC**) and Australian Strategic Material Limited (**ASM**) have signed a Heads of Agreement (**HOA**) to exclusively negotiate the Front-End Engineering and Design (**FEED**) and the Engineering Procurement and Construction (**EPC**) for the Dubbo Project.
- ASM and HEC envisage progressing a proposed EPC contract following completion of the FEED.

Australian Strategic Materials Limited (**ASM** or the **Company**) (**ASX: ASM**) is pleased to announce that following ongoing discussions with HEC in relation to the development of the Dubbo Project, it has signed a Heads of Agreement with Hyundai Engineering Corporation Co., Ltd., to exclusively negotiate with HEC the delivery of the FEED, which could progress to the EPC. The agreement for the exclusive negotiation follows the request for proposal process run by ASM for FEED for the Dubbo Project, where HEC have been identified by ASM as the preferred candidate based on HEC's experience and capability.

Under the HoA, ASM and HEC have entered into an exclusivity period for the award of FEED by 31 March 2022 and subject to the successful delivery of FEED for the award of EPC until 25 February 2023. The Company's current target is for the FEED contract to be awarded in Q1 2022, and for the delivery of the FEED in Q4 2022. The terms of the FEED and any EPC (including the price, scope, and schedule) are yet to be agreed by the parties.

ASM Managing Director David Woodall said exclusively engaging with HEC was another key milestone in moving the Dubbo Project towards a Final Investment Decision and demonstrates the support the Dubbo Project has from key stakeholders in Korea.

"The team at HEC are impressive being at the forefront of providing innovative and sustainable engineering solutions that will enable the successful delivery of our Dubbo Project, a key to our "mine to metal" strategy," Mr Woodall said.

"Meeting HEC CEO Mr Kim Chang-Hag and his team show the quality project partner HEC brings. The desire of both HEC and ASM to work in partnership to deliver the Dubbo Project with significant benefits to both Korea and Australia put us in a great position as we continue discussions with Korean financial institutions to fund the development of Dubbo."

HEC Chief Executive Officer Kim Chang-Hag said, “HEC has delivered large projects successfully globally, and we are delighted to be working with ASM on FEED progressing to EPC to develop the Dubbo Project. We believe we can deliver an innovative and optimised solution to support the development of the Dubbo Project and ASM’s critical metals business in a partnership that helps Korea secure the critical metals it needs for its manufacturing industries.”

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

ABOUT AUSTRALIAN STRATEGIC MATERIALS www.asm-au.com

Australian Strategic Materials Ltd (ASM) is an integrated materials business and emerging “mine to metal” producer of critical metals. The company’s cornerstone Dubbo Project (100% owned) is a potential long-term resource of rare earths, zirconium, niobium, and hafnium in central-western NSW, Australia. It represents an alternative, sustainable and secure source of these metals, 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 demonstrated 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 is under construction in South Korea to initially supply a range of critical metals, including rare earth metals and alloys, zirconium, and titanium.