

ASX Release

3 August 2023

ASM signs long-term metal sales and tolling framework agreement with USA Rare Earth

Australian Strategic Materials Limited (**ASM** or **the Company**) (**ASX: ASM**) is pleased to announce that its wholly owned subsidiary, ASM Korea Co., Ltd, has signed a five-year binding sales and tolling framework agreement (**Framework Agreement**) with USA Rare Earth, LLC (**USARE**) for the supply of neodymium iron boron (NdFeB) alloy.

The Framework Agreement enhances ASM's growing customer portfolio and strengthens the Company's strategic supply relationships with the US magnet production industry, via its Korean Metals Plant (KMP). The KMP will supply NdFeB alloy used to support USARE's production ramp-up of high-performance rare earth magnets.

The supply of NdFeB alloy is expected to commence in 2024.

On announcing the Framework Agreement, ASM Managing Director Ms Rowena Smith, said: "USA Rare Earth's magnet manufacturing capability and approach to market makes them a perfect customer and partner for ASM. As we continue to increase our metal production output from our Korean Metals Plant, this long-term supply agreement demonstrates the growing demand and positive trajectory of the US rare earth magnet market."

According to Adamas Intelligence, global demand for NdFeB magnets will increase at a compound annual growth rate (CAGR) of 7.5% from 2023 through 2040¹, driven by the electric vehicle and wind power sectors. This will translate to a comparable demand growth for the critical rare earth elements (e.g., neodymium, dysprosium and terbium) these magnets contain. Both ASM and USARE are currently focused on scaling up their respective operations and developing an alternative rare earths and critical minerals supply chain to support forecast growth in these and other sectors.

The Framework Agreement announced will secure the majority of USARE's metal and alloy requirements for magnet production until it begins using materials from its Round Top reserve in Sierra Blanca, Texas.

"Having a supply agreement in place with ASM plays a critical role in delivering on our vision of achieving magnet production in 2024," said Mr Tom Schneberger, CEO of USA Rare Earth. "ASM provides us with

¹ Adamas Intelligence, 'Rare Earth Magnet Market Outlook to 2040'

predictable access to a non-Chinese supply of rare earth metals, which allows us to ramp-up our initial production and accelerate our goal of generating revenue, while we continue to construct our own mine.”

Mr. Schneberger continued, “We are very impressed with the metal making capability that ASM established in Korea and look forward to a long-term partnership as we diversify the rare earth magnet supply chain.”

About USA Rare Earth

USA Rare Earth, LLC is a US-based, vertically integrated magnet technology company. The company is poised to become the leading domestic supplier of rare earth magnets and heavy rare earth elements required for the electric vehicle, green energy, consumer electronics, and defense industries, as well as tech metals needed for chipsets, semiconductors, and 5G.

USA Rare Earth, LLC owns a magnet production facility in Stillwater, Oklahoma and the Round Top Heavy Rare Earth and Critical Minerals deposit in Hudspeth County, West Texas. For more information about USA Rare Earth, visit usare.com.

Material Terms of Framework Agreement

The material terms of the Framework Agreement with USA Rare Earth are as follows:

Clause	Term
Supply	The Framework Agreement provides for the supply of 60% of USA Rare Earth’s NdFeB alloy demand for its Stillwater, OK facility. The supply will be for product at agreed specifications with the periodic quantities to be agreed on a rolling periodic basis.
Tolling	USA Rare Earth has the option to have an agreed percentage of the total indicative quantity to be supplied as tolled product using USA Rare Earth supplied feedstock.
Term	5 years.
Pricing	Pricing calculated using a formula-based mechanism referencing existing pricing indices.

The Framework Agreement is otherwise on terms and conditions that are not unusual for an agreement of this nature.

- ENDS -

FOR MORE INFORMATION PLEASE CONTACT:

Investors
Jason Clifton
CFO, ASM Ltd
+61 8 9200 1681

Media Australia
Paul Ryan
Citadel-MAGNUS
+61 409 296 511
Ryan@citadelmagnus.com

Media Korea
Sue Kim
Insight Communications
+82 2 739 7035
sue.kim@insightcomms.com

Forward looking statements

This announcement contains certain statements which constitute “forward looking statements”. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “plan”, “believes”, “estimate”, “anticipate”, “outlook” and “guidance”, or similar expressions, and may include, without limitation, statements regarding plans; strategies and objectives of management; anticipated production and production potential; estimates of future capital expenditure or construction commencement dates; expected costs or production outputs; estimates of future product supply, demand and consumption; statements regarding future product prices; and statements regarding the expectation of future Mineral Resources and Ore Reserves.

While these forward-looking statements reflect the Company’s expectations at the date of this announcement, they are not guarantees or predictions of future performance or statements of fact. The information is based on the Company forecasts and as such is subject to variation related to, but not restricted to, economic, market demand/supply and competitive factors.

Forward looking statements are only predictions and are subject to known and unknown risks, uncertainties, assumptions, and other important factors that could cause the actual results, performances or achievements of the Company to differ materially from future results, performances or achievements expressed, projected or implied by such forward looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. Except as required by applicable laws or regulations, the Company does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. The Company cautions against reliance on any forward-looking statements or guidance, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption arising in connection with COVID 19.

Information on likely developments in the Company’s business strategies, prospects and operations for future financial years and the expected results that could result in unreasonable prejudice to the Company (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) has not been included in this announcement. The categories of information omitted include forward looking estimates and projections prepared for internal management purposes, information regarding the Company’s operations and projects, which are developing and susceptible to change, and information relating to commercial contracts.

This document has been authorised for release to the market by the Board.