

Target Market Determination – Entitlement Offer Options

Effective Date: 29 April 2024

Made by: Australian Strategic Materials Limited (ACN 168 368 401) (**ASM** or the **Company**)

Product: Free-attaching options to acquire fully paid ordinary shares in the Company (**Shares**), to be issued in connection with the Entitlement Offer made by the Company under the Prospectus (in each case, as defined below) (the **Entitlement Offer Options**)

1 Important information about this document

ASM is legally required to prepare this Target Market Determination (**TMD**). The TMD describes the class of retail clients that the Entitlement Offer Options have been designed for, the conditions under which the Entitlement Offer Options must be distributed to retail clients and how ASM will review this document so that it remains appropriate.

ASM has issued a prospectus dated 29 April 2024 (**Prospectus**) in respect of a standard pro rata non-renounceable entitlement offer of new Shares to eligible shareholders, with one free-attaching option for every new Share issued (**Entitlement Offer**). Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. A copy of the Prospectus is available on ASM's website at: <https://asm-au.com>.

Capitalised terms not defined in this TMD have the meanings given in the Prospectus.

2 Target Market

ASM has identified the target market for the Entitlement Offer Options and the key attributes of the Entitlement Offer Options that meet the needs, objectives and financial situation of retail clients in the target market as follows:

Needs, objectives and financial situation	Key product attributes that make Entitlement Offer Options appropriate for the target market
<p>Investment objectives</p> <p>Investors who are seeking the ability to increase their existing exposure to equity securities in the Company at a later date, and at a known price.</p>	<p>The Entitlement Offer Options allow existing holders of Shares the ability, but not an obligation, to acquire a specified number of additional Shares at any time from the date of issue until 5:00pm (AEST) on 31 October 2027. The price payable upon exercise of the option to acquire Shares is fixed, regardless of when the option is exercised.</p>
<p>Risk profile and ability to bear loss</p> <p>Investors who are able to bear the risks associated with an investment in Entitlement Offer Options.</p>	<p>While investors who participate in the Entitlement Offer will receive the Entitlement Offer Options at no additional cost, the acquisition of Shares through the exercise of Entitlement Offer Options carries a high level of risk and should be considered speculative in nature.</p> <p>If investors receive Shares on exercise of the Entitlement Offer Options, the Shares acquired through exercise of the Entitlement Offer Options may not</p>

	<p>maintain a market value in excess of the exercise price, and the investor may lose some or all of their investment.</p> <p>Investors should have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in the Entitlement Offer Options as an asset class generally, and the more specific risks of investing in the Company.</p>
Investment timeframe	
Investors who are seeking a medium-term investment with the ability to sell the product at any time, or to exercise an option to acquire equity securities.	Investors will have the ability to exercise Entitlement Offer Options within the term from the issue date and until 5:00pm (AEST) on 31 October 2027.
Financial position	
Investors who have the financial resources to participate in the Entitlement Offer.	The Entitlement Offer Options are free-attaching options that are issued for no additional consideration to investors who participate in the Entitlement Offer (as further described in the Prospectus). Investors will need to have sufficient financial resources to participate in the Entitlement Offer in order to acquire the Entitlement Offer Options.
Liquidity Needs	
Investors who seek the ability to dispose of Entitlement Offer Options by sale on a licensed securities exchange at the price available on the exchange.	To the extent that the Entitlement Offer Options are quoted on the Official List of ASX, the Entitlement Offer Options will be freely transferable from the date of issue. However, there may not be a liquid market for Entitlement Offer Options, and investors who wish to dispose of the Entitlement Offer Options may not be able to do so at an acceptable price, or at all (in particular, if the trading price of the Shares is at or below the exercise price of the Entitlement Offer Options).

3 Distribution Conditions

ASM applies the following conditions and restrictions to the distribution of the Entitlement Offer Options so that the product is likely to be issued to investors in the target market.

Entitlement Offer Options can only be issued to Eligible Shareholders who elect to participate in the Entitlement Offer. To be an “Eligible Shareholder”, a retail client must already be registered as a shareholder of the Company on the record date specified in the Prospectus, and must satisfy certain jurisdictional conditions on eligibility.

Eligible Shareholders must complete the application form accompanying the Prospectus in order to participate in the Entitlement Offer and to receive Entitlement Offer Options.

ASM considers that these distribution conditions will make it likely that the Entitlement Offer Options are issued to investors in the target market.

4 Review of the Target Market Determination

ASM will review the TMD as set out in the table below.

Review of the TMD	Timing
Initial Review	13 May 2024 (the Initial Review Date)
Subsequent review	The Business Day before the Entitlement Offer Closing Date (the Subsequent Review Date)

In addition, ASM will review the TMD if one or more of the following factors occurs, where they reasonably suggest that the TMD is no longer appropriate:

- There is a material change to the key attributes of the Entitlement Offer Options or their distribution.
- The Company lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus.
- There is a change in law or its application, a change in relevant industry code, a determination or a court decision, or ASIC or other regulatory guidance that materially affects the product.
- There is a significant increase beyond expected levels in complaints or disputes, or a significant change in the nature of complaints or disputes relating to the product.
- An event occurs or information is received (for example, significant dealings in the Entitlement Offer Options that are not consistent with this TMD) that reasonably suggests that the TMD is no longer appropriate.
- ASM receives information about the way in which the Entitlement Offer Options are being distributed, operating or being used by investors that reasonably suggests the TMD is no longer appropriate.
- ASIC raises concerns with ASM regarding the adequacy of the design or distribution of the Entitlement Offer Options or this TMD.

ASM may also update or amend this TMD at any time.

5 Reporting Requirements

Distributors of Entitlement Offer Options are required to report information in relation to the Entitlement Offer Options and the TMD to ASM as set out in the table below:

Requirement	Description
Reporting Time	By 7:00pm (AEST) on the last day of the relevant reporting period.
Reporting Periods	<ul style="list-style-type: none"> • Reporting Period 1: The period commencing on the lodgement of the initial Prospectus with ASIC and concluding at 5:00pm (AEST) on the second Business Day prior to the Initial Review Date. • Reporting Period 2: The period commencing immediately after the conclusion of Reporting Period 1 and concluding at 5:00pm (AEST) on the last day of the Entitlement Offer Period.
Reporting method	Via email to info@asm-au.com .

Required detail for complaints	<p>If any complaint relating to the product was received during the reporting period:</p> <ul style="list-style-type: none"> the number of complaints received during the reporting period; and a summary of the nature of each complaint or a copy of each complaint and any general feedback relating to the product or its performance.
Required detail for regulator feedback	<p>If the regulated person received any other significant feedback from a regulator or investor group which relates to the suitability of the product or its distribution.</p>
Required detail for significant dealings	<p>If the regulated person becomes aware of a significant dealing of the product that is not consistent with the TMD:</p> <ul style="list-style-type: none"> date(s) the significant dealing occurred; description of the significant dealing and why it is not consistent with the TMD (e.g. where an allocation of Entitlement Offer Options to a retail client that is not an Eligible Shareholder may occur); why the dealing is significant; how the significant dealing was identified; and what steps, if any, have been, or will be, taken in relation to the significant dealing.

6 Contact

If you have any questions about the Entitlement Offer Options or the TMD, please contact the Offer Information Line on 1300 101 297 (from within Australia) or +61 2 9068 1929 (from outside Australia) at any time between 8.30am to 7.00pm (AEST), Monday to Friday during the Entitlement Offer Period or visit our website at: <https://asm-au.com>.

7 Important information

This TMD is not a recommendation, opinion or advice that any person acquire the Entitlement Offer Options or the Shares, or is within the target market for the product. It does not summarise the terms or risks of the Entitlement Offer Options or the Shares and is not an offer of, or invitation to apply for, the Entitlement Offer Options or the Shares to any person in Australia or elsewhere. It does not set out all obligations of regulated persons in relation to the product or this target market determination. This target market determination relates to retail clients and it does not regulate dealings with wholesale clients. Go to <https://asm-au.com> for information about the Entitlement Offer Options and access to the Prospectus. Investors who wish to participate in the Entitlement Offer should read the Prospectus in its entirety and retail clients should seek professional guidance which takes into account their particular investment objectives, financial situation and needs from a professional advisor who is licensed by ASIC to give such advice. Entitlement Offer Options are complex and may not be suitable for all investors.

All reference to the time in this TMD is to Australian Eastern Standard Time.