



Rare Earths.
Critical Minerals.
High-tech Metals.

31 July 2024

QUARTERLY ACTIVITIES REPORT TO 30 JUNE 2024

KEY POINTS

In line with Australian Strategic Materials' (ASM or the Company) (ASX: ASM) strategic business priorities, this Quarter, the Company:

- Delivered several successful optimisations of the flowsheet and design of the Dubbo Project. These included demonstrating a simplified flowsheet design for the production of high-purity hafnia and identifying economic benefits in an alternative niobium oxide circuit. The Company commenced testwork on an alternative circuit for rare earth production (**RE Options Assessment**) which will continue for the remainder of CY2024. These significant achievements highlight the Dubbo Project's capacity to produce products that meet growing global demand and identify promising opportunities to reduce both capital and operating expenditures;
- Executed an Option Agreement with Caspin Resources Limited to provide ASM with an option to earn up to 75% of the rare earth element rights in Caspin's Mount Squires Project through staged earn in rights;
- Strengthened its balance sheet by completing a capital raising consisting of an institutional placement and rights issue to raise ~A\$16.6 million which positions ASM to undertake activities for progression of final stage engineering for the Dubbo Project in 2024; and
- Received a non-binding and conditional Letter of Interest from Export Development Canada to provide a debt funding package of up to A\$400 million for the construction and execution phase of the Dubbo Project.

DUBBO PROJECT

The Dubbo Project is integral to ASM's mine to metals business, for the supply of rare earths and critical minerals.

Dubbo Project Flowsheet Optimisation

During the Quarter, ASM was pleased to note several successful developments in its ongoing optimisation of the flowsheet and design of the Dubbo Project. These significant achievements highlight the Dubbo Project's capacity to produce products that meet growing global demand. Moreover, these efforts have identified promising opportunities to reduce both capital and operating expenditures.

One of these notable successes was the completion of the design and testwork program on the modified zirconia and hafnia (Zr/Hf) flowsheet with Australia's Nuclear Science and Technology Organisation (**ANSTO**), which focused on developing a simplified flowsheet design to increase the production of high-purity Hf from the Dubbo Project. The modified flowsheet was tested on a pilot scale and demonstrated:

- the ability to produce high-purity HfO₂ with very low levels of Zr; and
- a reduction to both capital and operating costs,

at increased production levels of HfO₂.

This positions ASM well to respond to growing global demand for high-purity Hf resulting from new potential usages, including in the defence, aerospace and semi-conductor industries.

As previously reported, ASM successfully developed and demonstrated an alternative niobium oxide (Nb₂O₅) purification circuit. During the Quarter, ASM undertook an economic evaluation of this alternative circuit and has determined there is merit to include this within the base flowsheet in the Dubbo Project, as it realises both a capital and operating cost reduction.

Testwork has also been undertaken at ANSTO during the Quarter on a potential alternative leaching circuit for the ore from the Dubbo Project which may provide a lower capital pathway to the production of rare earth elements. The Company will undertake further testwork to assess potential options for lower capital and shorter implementation pathways to rare earth production at the Dubbo Project (**RE Options Assessment**). The RE Options Assessment will be undertaken as a precursor to the Front-End Engineering Design (**FEED**) services and will assist in ensuring a focussed completion of that work.

Early establishment activities

During the Quarter, the Company progressed key early establishment activities on the Dubbo Project to support the Company to take Final Investment Decision (**FID**).

- Bechtel continued to progress the non-process infrastructure (**NPI**) study work according to schedule, with design and estimating completed across areas including rail, offsite roads, power supply, site administration, warehousing, construction accommodation, temporary construction facilities, site establishment, logistic studies, tailings pumping and pipelines and salt handling and storage.

- Stantec completed the Phase 1 solid residue storage facility review work and commenced the FEED design phase. This next phase includes planning and management of the site geotechnical program related to the dam design.
- The Company commenced site geotechnical investigations. These investigations, which will include sample testing and reporting by Macquarie Geotechnical, will support future project engineering activities. The investigations are anticipated to be completed during the second half of 2024.



The Macquarie Geotech team has commenced work on the Dubbo Project site.

Caspin Option Agreement

During the Quarter, ASM executed an Option Agreement (**Agreement**) with Caspin Resources Limited (**Caspin**), to provide ASM with an option to earn up to 75% of the rare earth element (**REE**) rights in Caspin's Mount Squires Project through staged earn in rights.¹ Pursuant to the Agreement, ASM will undertake metallurgical testing and drilling programs to identify whether the REE from the Mount Squires Project may be converted to a concentrate form and then processed through the Dubbo Project separation and refining facility to create high-purity rare earth oxides. Subject to the outcome of this testing, ASM will then decide whether to progress its option to the next stage.

¹ Refer ASX Release 10 April 2024: *Mount Squires Option Agreement to unlock potential further rare earth supply*

The Caspin opportunity aligns with ASM's mine to metals strategy to broaden its rare earth supply, particularly for high value heavy rare earths. Additionally, there is value in developing the Dubbo Project as a rare earth separation and refining hub with the ability to unlock value for potential rare earth projects across Australia.

Subsequent to execution of the Agreement and during the Quarter, ASM undertook the initial metallurgical testwork on existing samples from the Mount Squires Project, with the results of this testwork expected to be received this Quarter. Following receipt of the results, ASM will evaluate and decide whether to extend the option period under the Agreement for a further six months, which will involve Caspin undertaking a drilling program (to be paid for by ASM) to produce samples that will be the subject of metallurgical testwork undertaken by ASM. To allow the parties sufficient time to complete the initial testwork program the parties have agreed to extend the initial option period until early September.

Project funding and offtake

During the Quarter, ASM received a further non-binding and conditional Letter of Interest (**LoI**) from Export Development Canada (**EDC**) – Canada's official export credit agency. The LoI indicates support to provide a direct lending debt funding package of up to A\$400 million for the construction and execution phase of the Dubbo Project.² This follows letters of interest and support ASM has received to date:

- Export Finance Australia's conditional finance support of A\$200 million debt funding for the Dubbo Project³;
- Export-Import Bank of the United States' (**US EXIM**) support to provide a debt funding package of up to US\$600 million (A\$923 million)⁴ for the construction and execution phase of the Dubbo Project⁵; and
- US EXIM's support for up to US\$32 million (A\$49 million)⁴ in debt funding for the Front-End Engineering Design (**FEED**) Services under US EXIM's Engineering Multiplier Program.

These letters are subject to ongoing due diligence and obtaining relevant approvals. ASM has been working closely with these Export Credit Agencies to progress the funding discussions the subject of these letters. This ongoing engagement has been supported by participation at US EXIM's 2024 Annual Conference in June and other face to face meetings. These discussions are running concurrently with other discussions with Export Credit Agencies in other jurisdictions and various commercial banks to secure funding for the Dubbo Project.

² Refer ASX Release 26 April 2024: *Growing North American support builds momentum for Dubbo Project funding process*

³ Refer ASX Release 28 June 2021: *Export Finance Australia issues letter of support for the Dubbo Project*

⁴ Exchange rate used in this Quarterly (A\$: US\$) – 0.65

⁵ Refer ASX Release 21 March 2024: *ASM receives US\$600M (A\$923 million) Letter of Interest from US EXIM for Dubbo Project, as US partnerships being to a play a significant role*



ASM Managing Director & CEO Rowena Smith (far left) with fellow participants at US EXIM's 2024 Annual Conference discussion 'Critically Important: Critical Minerals and Global Collaboration'.

During the Quarter, the Company continued its efforts to identify opportunities for government funding and support for the Dubbo Project, both in Australia and internationally.

- The Company is awaiting the determination on its application for funding pursuant to the Australian Federal Government's International Partnerships in Critical Minerals Program. The Company has been informed that applications are still being assessed and an outcome is expected this Quarter.
- The Company progressed its application for potential funding and support from the US Government under the 'Defense Production Act'. This involved formally commencing the process with the submission of white paper applications. This process has been assisted with active engagement with key US government agencies including the Department of Defense (**DoD**), Department of Energy (**DoE**) and Department of Commerce (**DoC**).
- The Company submitted an expression of interest for potential funding and support under the National Reconstruction Fund (**NRF**). Early discussions and engagement with the NRF have commenced.
- The Company participated in an Australian government delegation to the European Union which saw the Company participate in meetings and discussions with key government agencies of EU Member States, potential customers and EU state run investment funds including the Critical Minerals Fund run by InfraVia with support from the French Government.

Throughout the Quarter, ASM continued to engage in ongoing competitive discussions for offtake from the Dubbo Project. These engagements were bolstered by the technical validation of ASM's metallisation and alloying capabilities at the Korean Metals Plant. The Company will provide market updates upon securing binding offtake agreements.

The Revised Framework Agreement between ASM and KCF Energy Co. Ltd (**KCF**) has been extended until 31 December 2024. The extension of the agreement provides the opportunity to continue discussions and explore opportunities with parties which KCF has identified with an interest in the Dubbo Project.

KOREAN METALS PLANT

The Korean Metals Plant (KMP) is an integral part of ASM's mine to metals business: producing high-tech metals.

Safety

There were no reportable safety incidents recorded during the Quarter and the year to date. Lost Time Injury Frequency Rate (**LTIFR**) remains at zero.

Neodymium praseodymium metal

During the Quarter, ASM has been working with its established metal customer, to develop a delivery schedule of neodymium praseodymium (**NdPr**) metal that meets the customer's production requirements. The customer was unable to receive the 1 tonne of NdPr metal delivered in the previous Quarter and metal deliveries have since been paused due to the customer having sufficient stock. Further demand is expected in the remainder of the calendar year and a further contract has been entered into for supply of NdPr metal until 28 February 2025.

Production of Nd and NdPr metal remains suspended and the KMP continues to undertake operational enhancements during this time to ensure efficient production capacity going forward.

Neodymium iron boron strip alloy

ASM is currently engaged in technical validation processes and commercial discussions for the supply of neodymium iron boron (**NdFeB**) strip alloy with over half a dozen global magnet manufacturers across the US, Korea and EU, including our existing NdFeB strip alloy customer, Noveon Magnetics Inc. (**Noveon**). These processes have been supported by the ongoing exchange of commercial samples.

The previously reported 465kg sample to the EU customer has now been received, with that customer commencing testing of the sample materials. This testing process is expected to continue through the coming months with feedback expected in Q4 of 2024. Further commercial sample sales of NdFeB strip alloy were made to Korean customers to be used as commissioning feed material and for commercial production testing. These activities support the ongoing technical validation and commercial discussions with these potential customers. Pending successful testing outcomes ASM expects to enter into commercial discussions for additional long-term sales agreements. ASM will update the market when binding agreements are concluded.

ASM has also been shortlisted to participate in a competitive process for the near-term supply for NdFeB strip alloy to a US customer. The Company has submitted its tender and anticipates receiving the determination of its submission in the coming months. This opportunity has been supported by continued discussions and technical validation exchanges. ASM will update the market on any binding agreements or award being made.

USA Rare Earths (**USARE**) has advised ASM that the commissioning process of its magnet production facility has been delayed due to market conditions. The supply of NdFeB strip alloy to USARE will align to their commissioning and ramp-up timeline with initial supply of materials to support the commissioning process anticipated in Q1 2025.

KMP feedstock supply

The Company continues its advanced discussions with suppliers in the EU and US for oxide supply to ensure a diverse supply of feedstock beyond the Dubbo Project. These negotiations have made good progress during the Quarter and the Company is now focussed on a quality assessment process which will continue through the second half of 2024.

The KMP currently has sufficient inventory to meet production and contracted delivery requirements for the remainder of CY24.

Metallisation technology

ASM continued to broaden its metallisation capability to dysprosium (Dy) and terbium (Tb) products, with the program focussed on preparing the KMP for commercial production of heavy rare earth metals in 2025.

During the Quarter, equipment was upgraded to support larger scale trials which will continue throughout the second half of CY2024.

During the Quarter, the installation of the titanium electro refiner was completed, commissioning commenced and will continue during the current Quarter. In support of this, during the Quarter, copper titanium (**CuTi**) production trials were conducted and will continue throughout the current Quarter to produce feed material for the Ti powder electro refiner commissioning.

ESG

ASM wants to leave a legacy that delivers enduring benefits to the communities and regions where it operates.

Woody biomass trial

ASM has entered into a contract with the NSW Department of Primary Industries (**DPI**) to demonstrate how woody biomass crops can be integrated into land management options for ASM's subsidiary, Toongi Pastoral Company (**TPC**).



TPC and DPI members conducted the woody biomass trial inspection.

Biomass crops are plants grown with the main purpose of harvesting the biomass fibre for energy generation. The main purpose of the crop trials is to investigate biomass production under short rotation cycles (3-4 years) which would target marginal unproductive areas, for example on farming or mining land.

The trial sites at Toongi will be part of the NSW Climate Change Fund's Biomass for Bioenergy Project and will include the two species which were the best performers at the Trangie Trial; *Eucalyptus infera* (Kurikai mallee) and *Eucalyptus camaldulensis* (River Red Gum). During the Quarter, work commenced with inspections of the trial site conducted.

UN Global Compact

As a committed participant in the United Nations Global Compact (**UNGC**), ASM during the Quarter commenced preparation to file its inaugural annual Communication on Progress (**CoP**) report. The report will outline the Company's efforts, achievements and challenges in implementing the Ten Principles of the UNGC in the areas of human rights, labour, environment and anti-corruption. By reporting on our progress we aim to demonstrate our commitment to sustainable and responsible business practices, while fostering an environment of accountability and continuous improvement.

Vegetation and PTWL survey

TPC manages the agricultural land surrounding the Dubbo Project's mining and processing areas. The condition of the vegetation communities that TPC oversees in the biodiversity offset areas are measured against four reference sites:

- Fuzzy Box woodland (near Toongi Hall);
- Inland Grey Box (Obley Road stock route);
- White Cypress Pine and White Box woodland (on Karingle).

During the Quarter, ASM engaged AREA Environmental to conduct an annual survey of the four vegetation community reference sites. No Pink-tailed Worm-lizards (**PTWL**) were observed during the survey but several other reptile and amphibian species were identified.



The annual survey provides important data on the condition of the vegetation communities that TPC oversees.

CORPORATE

Institutional Placement and Entitlement Offer

To position ASM to undertake activities regarding progression of final stage engineering for the Dubbo Project in 2024, the Company strengthened its balance sheet by successfully completing a capital raise.

The capital raise comprised of an institutional placement to raise A\$15 million (**Placement**).⁶ The Placement saw strong interest from new, existing and international institutional investors. The Placement was accompanied by a standard non-renounceable entitlement offer (**Entitlement Offer**). The Company received applications from Eligible Shareholders representing a ~31.4% take up of Entitlement Offer Shares including pre-commitments from major shareholders and directors, totalling subscriptions of ~A\$1.4 million in the Entitlement Offer.

Together with the proceeds raised under the Placement, the gross proceeds raised was ~A\$16.6 million.

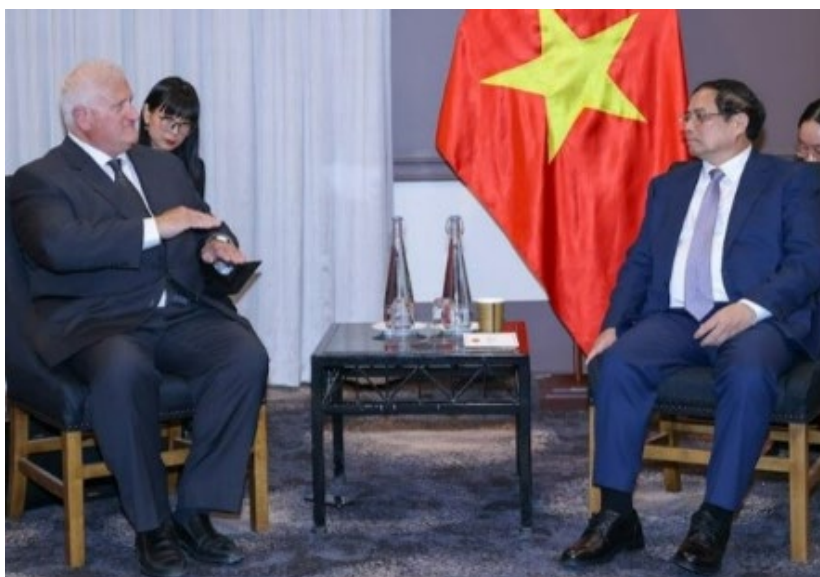
The funds will be used to:

- demonstrate ASM's co-commitments to enable government funding sourced to progress critical path items associated with taking the Company to FID regarding the Dubbo Project; and
- provide general working capital and funding for general corporate costs.

Vietnam engagement

In continuation of its efforts to build an alternative end-to-end critical minerals supply chain across jurisdictions, ASM during the Quarter continued its engagement and exploration of opportunities in Vietnam. These engagements included an audience with the Prime Minister of Vietnam Pham Minh Chinh, hosting a government delegation at the Dubbo Project and ANSTO, and attending meetings with the Ministry of Natural Resources and Environment and key mining stakeholders while in Vietnam.

These engagements have been supported by Austrade, the Department of Foreign Affairs and Trade and Australian Ambassador to Vietnam, His Excellency, Andrew Goledzinowski. ASM looks forward to being at the forefront of potential rare earths and critical minerals opportunities that exist in this growing jurisdiction.



Ian Gandel, Chair of ASM and the Prime Minister of Vietnam, Pham Minh Chinh.

⁶ Refer ASX Announcement 17 April 2024: *Successful completion of Institutional Placement to raise A\$15M; Entitlement Offer to be undertaken*

Australia-Korea Business Council delegations

During the Quarter, ASM had the opportunity to participate in a delegation hosted by the Australia-Korea Business Council (AKBC) to Canberra, which provided the opportunity to engage in important discussions and further develop relationships with key Australian federal ministers and government officials regarding the economic and strategic importance of the Australia-Korea relationship.

Following this delegation, ASM joined the AKBC Chairman's delegation to Korea, where the group held positive meetings and engagements with a range of stakeholders from government, industry and the investment community.



Participants of the Australia-Korea Business Council delegation to Canberra.

COMMUNITY

ASM is committed to establishing strong and positive relationships with the communities where we operate. We want to work together to build resilient communities and return a positive, lasting legacy.

Dubbo

ASM and its subsidiary TPC was once again pleased to have the opportunity to take a stand at the annual Dubbo Show during the Quarter.

Celebrating its 151st year, ASM's participation in the Dubbo Show provided an opportunity to engage with community members, listen to feedback and provide updates on the Dubbo Project. ASM also had the chance to engage with students from the Macquarie Anglican Grammar School, some of whom participate in the Macquarie Agricultural Program supported by TPC.



Left: The ASM stand at the Dubbo Show. Right: Members of the Macquarie Show Team.

During the Quarter, in pursuant of its community engagement, ASM also:

- engaged with the Mindyarra Mens Healing Group to speak about the Dubbo Project and its rich endowment of cultural heritage sites;
- participated in the 'Education meets Industry' event in Dubbo, hosted by the NSW Minerals Council which brought together teachers and careers advisers with local mining employers, providing the opportunity to share information regarding career opportunities in the local mining industry; and
- participated in an aerial exercise with the local rural fire service.

Korea

During the Quarter, the KMP hosted a visit by Australian Ambassador to the Republic of Korea, His Excellency, Jeff Robinson. The visit provided the opportunity for Ambassador Robinson to meet with the KMP team to learn more about the Company's rare earths metallisation capability and the role the KMP has to play in the creation of an alternative vertically integrated supply chain for rare earth elements.



Australian Ambassador to the Republic of Korea, His Excellency, Jeff Robinson, with the team from KMP.

MARKET OUTLOOK

The Quarter saw several important developments in support of the establishment of independent, secure sources of supply for critical minerals. Following the EU's Critical Raw Materials Act being passed into law on 23rd May, Australia and the EU signed an MOU on 28th May to establish a partnership relating to sustainable critical and strategic minerals. Notable among the objectives is support for development of open, fair and competitive markets and for international pricing to align with high ESG standards. Furthermore, the European Commission has imposed provisional additional tariffs on imports of electric vehicles from China following a nine-month anti-subsidy investigation. These range between 17.4% and 37.6%, on top of the existing 10% duty.

NdFeB

REE prices rose from recent lows in March, gaining an average of 4% for oxides and 3.8% for metals. Concurrently, prices for high-grade NdFeB alloys, which tend to lag those for their key magnetic raw material inputs, registered a 5.7%⁷ fall. At the end of June, prices moved higher following news that China's State Council had issued regulations to strengthen the government's control of the rare earth industry, as it adds a traceability system to monitor trading activity in addition to existing mining and smelting quotas.

Zirconia

Zirconia prices fell in the second Quarter, finishing June below US\$6,000/t⁸, in response to the Chinese government's pivot away from the US\$50 billion 'Three Major Projects' policy to instead focus on supporting property prices and clearing unsold housing stock. Prior to this, consultancy TZMI had estimated that demand for zircon, the zirconium silicate material from which most zirconia is derived, would increase by 5% year-on-year in 2024, in large part due to a 4% rise in usage in China following a re-stocking in the first Quarter.

Hafnium

Hafnium prices remained at around US\$4,700/kg over the second Quarter as the market awaits the building/recommissioning of production capacity in China, after processing equipment was redeployed by the government during the pandemic due to the collapse in aerospace demand. This follows a period when demand has been met from stocks in the structurally supply-constrained market, where hafnium oxide is increasingly being sought for use in coatings in the semi-conductor industry, due to its ability to improve device memory capability.

Niobium

Niobium ingot prices have remained steady in the mid US\$90s/kg and close to at least five-year highs, with niobium pentoxide prices at similarly elevated levels relative to historical values. The complex is finding support from continued progress in the development of niobium-based anode materials for use in lithium-ion batteries, where the element's superior thermal properties compared to other designs offers the prospect of

⁷ All figures for rare earths materials are from/derived from Adamas Intelligence

⁸ All figures for zirconia, hafnium and niobium are from/derived from Argus Non-Ferrous Markets

safe, fast-charging. The technology is finding traction initially in the heavy-duty electric vehicle segment, with first commercial-scale production of anode materials expected later this year.

FINANCE

Cash

ASM’s cash position as at 30 June 2024 was \$47.6M. The following waterfall chart highlights cash movements during the Quarter, including:

- \$1.6M of investment in the Dubbo Project, including engineering, metallurgical and Bechtel NPI study activities, net of Australian government grant funding and R&D incentives.
- \$2.5M of business costs relating to business development, marketing and administration.
- \$1.8M of Korean expenditures principally related to inventory, administrative, and personnel costs, net of Korean Government grant funding and sales.
- \$15.1M net proceeds from capital raising activity during the Quarter.



Banking facilities

During the Quarter ended 30 June 2024, the Group successfully executed two Korean loan facilities totalling ₩15 billion Korean Won (A\$16.4m), refinancing existing Korean loan facilities associated with the Group’s Korean Metals Plant (**KMP**). For further details on these new facilities, please refer to Appendix 5B, item 7.

MINING TENEMENTS

Australian Strategic Materials Limited confirms the following information as of 30 June 2024 (as required by ASX Listing Rule 5.3.3).

Tenements	Mining tenements acquired during the quarter	Mining tenements disposed of during the quarter	Mining tenements held at the end of the quarter	Tenement location
EL 5548	N/A	N/A	100%	Dubbo NSW
EL 7631	N/A	N/A	100%	Dubbo NSW
ML 1724	N/A	N/A	100%	Dubbo NSW

No exploration or other mining activities have occurred for the Quarter (as required by ASX Listing Rule 5.3.1).

GLOSSARY

AGM	Annual General Meeting
ANSTO	Australian Nuclear Science and Technology Organisation
ASM or Company	Australian Strategic Materials Limited
Bechtel	Bechtel Australia Pty Ltd
CFO	Chief Financial Officer
CuTi	Copper titanium
CY	Calendar year
DoC	US Department of Commerce
DoD	US Department of Defense
DoE	US Department of Energy
ESG	Environmental, Social, Governance
EU	European Union
EV	Electric vehicle
FEED	Front-end engineering design
FID	Final investment decision
FY	Financial year
FeNB	Ferroniobium
FEOC	Foreign Entity of Concern
GHG	Greenhouse gas emissions
IMARC	International Mining and Resources Conference
IRA	Inflation Reduction Act
KCF	KCF Energy Co. Ltd
KMP	Korean Metals Plant
KSMM	Korean Strategic Materials Metals
KSMT	Korean Strategic Materials Technology
LoI	Letter of Interest
LTIFR	Lost time injury frequency rate
MAPP	Macquarie Agricultural Pathway Program
NDAA	National Authorization Act
Nd	Neodymium
NdFeB	Neodymium iron boron
NdPr	Neodymium praseodymium
NPI	Non-process infrastructure
REE	Rare earth element
SRSF	Solid residue storage facility
Ti	Titanium
TPC	Toongi Pastoral Company
TZMI	TZ Minerals International Pty Ltd
US EXIM	Export-Import Bank of the United States
ZBC	Zirconia basic carbonate
ZBS	Zirconia basic sulphate
ZrO2	Zirconia dioxide

Forward looking statements

This report 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 report, 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 below in this presentation. 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 ASX announcement was authorised on behalf of the ASM Board by: Rowena Smith, Managing Director & CEO

APPENDIX 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Australian Strategic Materials Ltd

ABN

90 168 368 401

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	433	4,001
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(641)	(3,274)
	(d) staff costs	(3,164)	(13,384)
	(e) administration and corporate costs	(1,897)	(8,164)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	466	2,027
1.5	Interest and other costs of finance paid	(4)	(16)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	669	2,657
1.8	Other (provide details if material)	50	531
1.9	Net cash from / (used in) operating activities	(4,088)	(15,622)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(271)	(2,103)
	(d) exploration & evaluation	(4,111)	(12,953)
	(e) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	(108)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
	<i>Government grants and tax incentives</i>	2,890	7,702
	<i>Payments for biological assets</i>	(91)	(230)
2.6	Net cash from / (used in) investing activities	(1,583)	(7,692)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)*	16,647	16,647
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,576)	(1,576)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(170)	(726)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	14,901	14,345

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	38,478	56,655
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,088)	(15,622)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,583)	(7,692)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	14,901	14,345
4.5	Effect of movement in exchange rates on cash held	(105)	(83)
4.6	Cash and cash equivalents at end of period	47,603	47,603

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,103	6,478
5.2	Call deposits	37,500	32,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	47,603	38,478

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	423
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

During the quarter ended 30 June 2024, item 6.1 cash payments totalled \$423,000. These payments included Director's fees, travel, consulting and superannuation. Other related parties' payments included \$97,000 paid to Alkane Resources Limited for personnel and office services.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	16,421	16,421
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<i>The Group holds two Korean Won (₩) loan facilities with the Korea Development Bank and Hana Bank in South Korea. Details of each facility are outlined below:</i>		
	KDB Industrial Facility - Opex	Hana Bank Industrial Facility - Opex
Facility amount	₩ 12,000,000,000	₩ 3,000,000,000
Amount drawn	₩ 12,000,000,000	₩ 3,000,000,000
Repayment date	10 June 2025	30 May 2025
Lender	KDB Bank	Hana Bank
Interest	6.32% - fixed KDB industrial financial debenture rate (on date of transfer) + 3.08% pa.	3.952% - 6 months variable KDB 6-month financial debenture rate (on date of transfer) + 0.328% pa.
Security	Secured	Unsecured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,088)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,111)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(8,199)
8.4 Cash and cash equivalents at quarter end (item 4.6)	47,603
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	47,603
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.8
<i>Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2024

Authorised by: The Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.