

ASX Release

Release Date: 28 July 2020

Pre-Quotation Disclosure

The following information is provided to ASX Limited (**ASX**) for release to the market in connection with the Official Quotation and trading of fully paid ordinary shares in Australian Strategic Materials Limited (ASX:ASM) (**ASM**) on the ASX, which will commence on Thursday, 30 July 2020.

Capitalised terms used, but not otherwise defined, in this document have the meanings given to them in the Information Memorandum prepared by ASM in connection with ASM's application for admission to the Official List of the ASX, dated 24 June 2020.

1. Indicative Statement of the 20 largest shareholders

Attachment 1 is an indicative statement of the 20 largest shareholders of ASM, as at implementation of the Demerger.

The statement sets out an indicative list of the names of the 20 largest holders of ASM Shares, being the only class of securities of ASM to be quoted on the ASX, and the number and percentage of ASM Shares held by those holders.

2. Indicative distribution schedule of shareholders

Attachment 2 is an indicative distribution schedule of the number of ASM Shareholders in ASM Shares, being the only class of securities of ASM to be quoted on the ASX, as at implementation of the Demerger.

3. ASM's capital structure

The total number of ASM Shares that will be on issue on implementation of the Demerger (which is expected to occur on or about Thursday, 30 July 2020) is 119,049,778, with an additional 3,000,000 ASM performance rights on issue in favour of ASM's Managing Director, Mr David Woodall.

ASM will not have any other equity securities on issue on implementation of the Demerger.

4. Alkane Shareholder eligibility

All Alkane Shareholders whose addresses are shown in the Alkane Share Register on the Demerger Record Date as being in Australia or New Zealand will receive ASM Shares under the Demerger. Alkane Shareholders with registered addresses outside of Australia and New Zealand will not be eligible to receive ASM Shares (**Ineligible Foreign Shareholders**).

Contact Information

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

Investors Natalie Chapman, Corporate Communications Manager, +61 418 642 556

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5. Alkane Shareholder entitlements under the Demerger

To give effect to the Demerger of ASM from Alkane Resource Ltd (**Alkane**):

- a) each Alkane Shareholder (other than Ineligible Foreign Shareholders) will receive one ASM Share for every five Alkane Shares they hold as at the Demerger Record Date (being, 7:00pm (Sydney time) on Wednesday, 22 July 2020) (rounded down to the nearest whole number) by means of an in specie distribution; and
- b) in respect of each Ineligible Foreign Shareholder, the Sales Agent will receive one ASM Share for every five Alkane Shares held by the Ineligible Foreign Shareholder as at the Demerger Record Date (rounded down to the nearest whole number) by means of an in specie distribution. The Sales Agent will sell these ASM Shares on the ASX and the net proceeds of sale are to be paid to the Ineligible Foreign Shareholders in accordance with their respective entitlements. The amount of money received by each Ineligible Foreign Shareholder will be calculated on an averaged basis so that all Ineligible Foreign Shareholders receive the same price for each ASM Share sold on their behalf, subject to rounding down to the nearest whole Australian cent.

The means by which the in specie distribution is to be achieved is through the Capital Reduction and Demerger Dividend. The Capital Reduction and Demerger Dividend will be satisfied by the distribution and transfer of ASM Shares to the Eligible Shareholders and, in the case of Ineligible Foreign Shareholders, to the Sales Agent in accordance with the Demerger. As a consequence of this, Demerger Participants will not be required to pay cash for ASM Shares they receive under the Demerger.

Alkane Shareholders will not have fractional entitlements to ASM Shares, and fractional entitlements will not be distributed, under the Demerger. Following implementation of the Demerger, Alkane will donate the net proceeds of sale of any ASM Shares which are not so distributed to a charity to be determined by the Alkane Board. The number of ASM Shares (for which the net proceeds of sale will be donated) will necessarily be less than the number of Alkane Shareholders as at the Demerger Record Date.

Alkane Shareholders can contact the Alkane Shareholder Information Line that was established for the purposes of the Demerger on 08 9227 5677 (within Australia) between the hours of 8:30am and 5:00pm (AWST) Monday to Friday or email Alkane at info@alkane.com.au, if they have any questions in relation to their entitlement to ASM Shares under the Demerger.

6. ASX Listing Rule Waivers

ASX has granted ASM a waiver from ASX Listing Rule 10.14 on the terms set out below.

Waiver decision

Listing Rule 10.14

1. *Based solely on the information provided, ASX Limited ("ASX") grant a waiver from Listing Rule 10.14 to Australia Strategic Minerals Ltd ('ASM'), to the extent necessary to permit ASM to issue 3 million performance rights ('Performance Rights') to ASM's Managing Director, convertible on a one-for-one basis into 3 million ordinary shares in ASM, pursuant to ASM's proposed incentive plan ('Incentive Plan'), without shareholder approval, on the following conditions.*
 - 1.1. *The date by which ASM will issue the Performance Rights under the Incentive Plan must be no later than 3 years from the date of ASM's admission to the Official List of ASX.*
 - 1.2. *The information required by Listing Rule 10.15 is disclosed in ASM's information memorandum.*
 - 1.3. *Details of any Performance Rights issued to the Managing Director under the Incentive Plan will be published in the annual report of ASM relating to the period in which they were issued.*
2. *ASX has considered Listing Rule 10.14 only and makes no statement as to ASM's compliance with other Listing Rules.*

Basis for waiver decision

3. *Under Listing Rule 10.14, listed entities are required to obtain the prior approval of security holders for an issue of equity securities to related parties, even if pursuant to their participation in an employee incentive scheme. This rule is directed at preventing related parties from obtaining securities on advantageous terms and increasing their holding proportionate to the holdings of other security holders, without the prior consent of the ordinary security holders. The rule protects ordinary security holders' interests by supplementing the related party provisions of the Corporations Act 2001 (Cth) (and any related party provisions applying to foreign entities under relevant legislation).*

Fact/reasons for granting the waiver

4. *ASM has applied for admission to the Official List of the ASX. It intends to issue securities to a director under the terms of an employee incentive plan. Under Listing Rule 10.14, security holders may approve an issue of securities to a director pursuant to an employee incentive scheme for a period of up to 3 years. The notice*

of meeting must contain the information required by Listing Rule 10.15. A waiver from Listing Rule 10.14 is granted on the basis that where a future issue of equity securities to a related party is disclosed in an initial listing document, persons who subscribe under the IPO (or are transferred securities under a scheme), with notice of the future issue of securities to the related party, may be taken effectively to have consented to the issue, and it is unnecessary to submit the issue to a security holders' meeting for their approval. ASM's information memorandum is required to contain adequate disclosure about the proposed issue of securities to the director. The securities must be issued within 3 years of ASM's admission to the Official List of ASX, which is consistent with the requirements of Listing Rule 10.15.

This announcement is authorised for release by the Board of Australian Strategic Materials Limited

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About Australian Strategic Materials – www.asm-au.com

Established as the holding company for the [Dubbo Project](#), ASM is focused on producing specialty metals and oxides for advanced technologies from the [Dubbo Project](#).

Located in central-western NSW, ASM's cornerstone Dubbo Project has a long-term resource of [zirconium](#), [rare earths](#), [niobium](#) and [hafnium](#) – a globally significant source of these [critical materials](#) for a diverse range of emerging and sustainable technologies.

In a joint venture with South Korea's Zirconium Technology Corporation (ZironTech), ASM is advancing oxide separation and [metallisation technologies](#) to create a range of value-added materials from the Dubbo Project. ASM's pilot plant is in the final stage of construction in South Korea and production will commence in mid-2020.

Company: AUSTRALIAN STRATEGIC MATERIAL LIMITED



ABN 51 091 489 511
Top Listing - Grouped

Security: ASM ORDINARY FULLY PAID
As of 28 Jul 2020

Rank	Name	Units	% of Units
1	ABBOTSLEIGH PTY LTD	17,693,925	14.86
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,393,991	9.57
3	ABBOTSLEIGH PTY LTD	6,840,668	5.75
4	CITICORP NOMINEES PTY LIMITED	4,909,170	4.12
5	CHAPELGREEN PTY LTD <CHAPELGREEN A/C>	3,955,710	3.32
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,800,981	2.35
7	CHAPELGREEN PROPRIETARY LIMIT	1,744,289	1.47
8	ABBOTSLEIGH PTY LTD <ABBOTSLEIGH S/F A/C>	1,621,636	1.36
9	ABBOTSLEIGH PTY LTD	1,350,000	1.13
10	FYVIE PTY LTD <UTHMEYER FAMILY NO 2 A/C>	1,148,942	0.97
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	924,612	0.78
12	MR PATRICK JOHN MCHALE	922,500	0.77
13	LEEFAB PTY LTD	844,302	0.71
14	KALE CAPITAL CORPORATION LTD	803,754	0.68
15	NICHOLAS EARNER	725,499	0.61
16	MR DAVID HANBURY EDMONDS <DAVID EDMONDS S/F A/C>	594,438	0.5
17	MILFORD PARK SUPERANNUATION PTY LTD <MILFORD GROVE SUPERFUND A/C>	578,288	0.49
18	MANDEL PTY LTD <MANDEL SUPER FUND A/C>	568,000	0.48
19	GARRETT SMYTHE LTD	558,625	0.47
20	S MAAS HOLDINGS PTY LIMITED <SHAWN MAAS FAMILY A/C>	555,246	0.47

Totals: Top 20 holders of ASM ORDINARY FULLY PAID

60,534,576 50.85

Total Remaining Holders Balance

58,515,202 49.15

Total Holders Balance

119,049,778 100

AUSTRALIAN STRATEGIC MATERIAL LIMITED
ABN 51 091 489 511

TOP SPREAD REPORT

SPREADS OF HOLDINGS

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 - 999,999,999,999
TOTAL

<u>NUMBER OF HOLDERS</u>	<u>NUMBER OF UNITS</u>	<u>% OF TOTAL ISSUED CAPITAL</u>
3,824	1,745,042	1.47%
2,979	7,235,714	6.08%
783	5,865,229	4.93%
903	23,696,650	19.91%
112	80,507,143	67.63%
8,601	119,049,778	100%

LESS THAN MARKET PARCEL

1 - 0
1 - OVER
TOTAL

<u>NUMBER OF HOLDERS</u>	<u>NUMBER OF UNITS</u>	<u>% OF TOTAL ISSUED CAPITAL</u>
0	0	0.00%
8,601	119,049,778	100.00%
8,601	119,049,778	100%

LOCALITY ANALYSIS

NEW SOUTH WALES
VICTORIA
QUEENSLAND
WESTERN AUSTRALIA
SOUTH AUSTRALIA
AUSTRALIAN CAPITAL TERRITORY
TASMANIA
NORTHERN TERRITORY
NEW ZEALAND
Total Australian Holders
Total Overseas Holders
Grand Total

<u>NUMBER OF HOLDERS</u>	<u>NUMBER OF UNITS</u>	<u>% OF TOTAL ISSUED CAPITAL</u>
3,807	40,171,605	33.74%
1,844	58,856,323	49.44%
1,215	7,335,636	6.16%
852	8,490,927	7.13%
370	1,614,933	1.36%
205	956,020	0.80%
100	275,693	0.23%
33	49,888	0.04%
175	1,298,753	1.09%
8,426	117,751,025	98.91%
175	1,298,753	1.09%
8,601	119,049,778	100.00%