

ASX Release

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ASM and DONGKUK SIGN AGREEMENT to CONSTRUCT a 250KG/DAY COMMERCIAL PLANT

Highlights:

- Design, develop, assemble, install and verify a 250kg commercial grade continuous reduction system using the Ziron Tech patented metal-refining technology
- ASM will retain ownership of intellectual property and commercial rights to the Ziron Tech technology

Australian Strategic Materials (Holdings) Limited, a subsidiary of Australia Strategic Materials Limited (ASX: ASM) (together, "ASM") and Dongkuk Refractory and Steel ("DK R&S") (KOSDAQ (075970) a subsidiary of Dongkuk Industries ("DKI") (KOSDAQ (005160) have signed, Friday October 30, 2020 (at 4pm Seoul time), a joint development agreement for a 250kg / day metal plant incorporating the innovative and patented low emission, high purity metal-refining technology in Korea to be acquired by ASM through the acquisition of a 95% interest in Ziron Technology Corporation (as announced on 3 September 2020).



Figure 1: Dongkuk R&S and ASM Teams following the signing of the agreement in Korea

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ASM Managing Director, David Woodall said: “the agreement with DK R&S brings together the strengths of ASM with its innovative metal technology and DK R&S, a leading innovative manufacturer of metals and refractory products within the Korean and global markets.”

“This production facility will prove Zirontech’s patented low emission, high purity metal-refining technology at scale, paving the way for a 3,000 to 5,000 tonne per year metal plant in Korea. Our team in Korea is now progressing the confirmation of the continuous commercial metal production process with significant benefits for Korea, Australia, and the global customers that are faced with changing dynamics in the critical metals supply chain”, Mr Woodall said

Established in 1974, DK R&S, a subsidiary of DKI, has been supplying refractories, fine ceramics, steel manufacture to various industries globally and domestically within Korea for over 46 years. <http://www.dkrns.co.kr/en>. Dongkuk Industries Group was founded as Daewonsa in 1967, and is recognised as a global leader of cold rolled steel, refractories, and tubular wind power towers. The Dongkuk Industries Group (“DKG”) includes Dongkuk Industries <http://www.dkis.co.kr/en>, Dongkuk Refractory and Steel, Dongkuk Structural and Construction <http://www.dongkuksnc.co.kr/en/>, and DK DongShin <http://www.dkdongshin.co.kr/?lang=en>. The DKG is recognised in Korea for innovation and the development of technology.

Key terms of the ASM and DK R&S Joint Development Agreement for the Commercial Test Plant are as follows:

- Design, develop, construct, install and verify a 250kg per day commercial grade continuous reduction system
- 250kg reduction furnace, design, assembly, and verification will be undertaken at facilities operated by DK R&S under the supervision of a temporary Joint Task Force, with the completed furnace jointly owned by ASM and DK R&S
- The total budget for designing, developing, assembling and installing of the Commercial Test Plant is USD 1 million paid in a 60:40 ratio between DK R&S and ASM
- Basic and detailed design of the Commercial Test Plant to be complete within four months from the date of the Agreement
- Ownership of relevant intellectual property is retained by ASM
- The agreement will terminate if the testing is not successful within 12 months of signing.

ASM is continuing to progress strategic partner, offtake and financing discussions in Korea. The discussions are preliminary and remain incomplete and it is uncertain whether any of these discussions will lead to a proposal for the consideration of ASM’s directors or shareholders.

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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

ASM is focused on producing specialty metals and oxides for advanced technologies and is the 100% owner of 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.

ASM, together with its partners, is advancing oxide separation and [metallisation technologies](#) to create a range of value-added materials from the Dubbo Project. ASM's pilot plant in South Korea has been completed with successful production of titanium, neodymium, praseodymium and dysprosium metal. ASM's innovative metallisation process is energy efficient (titanium production uses 70% less energy) and has significant environmental advantages than the industry standard Kroll process.

ASM is progressing an optimisation study with key products for metallisation having been defined to be supplied from the Dubbo Project, and with the potential inclusion of flotation that have potential to positively impact the capital and operating costs of the project, along with increasing the revenue stream. The metals feasibility study is planned to be completed by the end of 2020 with the optimisation study to be completed by the end of Q1 2021.