

ASX Release

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ASM COMPLETES ACQUISITION OF ZIRON TECH

Highlights:

- Acquisition of a 95% interest in joint venture partner Ziron Technology Corporation ("Ziron Tech")
- Acquisition delivers the ownership of all associated intellectual property including patented metal-refining technology
- Ziron Tech team integrated into ASM

Australian Strategic Materials (ASX: ASM) ("ASM") (through its subsidiary ASM Technology Corporation Pty Ltd) has successfully completed the acquisition of 95% of its joint venture partner Ziron Tech, and through the acquisition now owns Ziron Tech's patented low emission, high purity metal-refining technology and the pilot plant in Korea.



Figure 1: ASM's Chairman Ian Gandel and Managing Director David Woodall and with ASM's Ziron Tech Team

ASM Managing Director, David Woodall said: "We welcome the Ziron Tech team to ASM. This talented team, led by Professor Jonghyeon Lee, has successfully produced metal from all products of our Dubbo Project in central west NSW. Having the Ziron Tech team continue the innovative work on a range of high-purity and value-added critical metals used in advanced technologies, including electric vehicles and clean energy, gives ASM a strong foundation for success."

"With the recently announced development of our first commercial metallisation plant in South Korea, the Ziron Tech team is now progressing towards a continuous production process at scale in Korea where there is an established tech manufacturing industry and market for these metals. With the changing dynamics of the critical metals supply chain, ASM is well placed to play a significant role in the global critical metals market, with significant benefits for both Australia and Korea," Mr Woodall said.

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Key terms of the restructured arrangements relating to Ziron Tech are as follows:

- ASM has acquired 100% of the current joint venture company RMR Tech Corporation ("RMR Tech") (increased from its previous holding of 10%).
- RMR Tech has completed the acquisition of 95% of the shares in Ziron Tech.
- As consideration for the transaction, ASM will in due course:
 - issue 1,306,417 ASM shares for consideration of USD 2 million to current Ziron Tech shareholders (via a holding entity) at an issue price of AUD 2.068 per share based on a 10-trading day VWAP to 2 September 2020 and using an AUD:USD exchange rate of 0.74. These shares will be subject to voluntary escrow for 12 months; and
 - grant existing Ziron Tech shareholders (via a holding entity) a Net Smelter Return of 5% from any global commercial metallisation facility established using the technology, subject to a 50% step-down of the royalty after payments of USD 20 million have been made.
- The ASM group now owns all of Ziron Tech's patents and related intellectual property and technology that were the subject of the RMR Tech joint venture, as well as any intellectual property rights or interests that may be developed by Ziron Tech in the future.

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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.