

ASX Release

17 April 2024

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Successful completion of Institutional Placement to raise A\$15M; Entitlement Offer to be undertaken

HIGHLIGHTS

- Firm commitments received from leading international and domestic institutions to raise A\$15 million under the Placement
- Opportunity for eligible shareholders to participate via a non-underwritten standard non-renounceable Entitlement Offer to target up to approximately A\$5.2 million¹
- Strong support from key existing shareholders in the Entitlement Offer anticipated with pre-commitments received for approximately \$1.4 million
- Funds raised will primarily go towards demonstration of required ASM co-commitments to enable government funding for critical path items associated with taking the company to final investment decision

Australian Strategic Materials Limited (**ASM** or the **Company**) (ASX:ASM) is pleased to announce that it has received firm commitments for an institutional placement to raise A\$15 million (**Placement**). The Placement saw strong interest from new and existing domestic and international institutional investors, with demand significantly exceeding shares available under the placement.

In addition to the Placement, the Company intends to offer eligible ASM shareholders the opportunity to participate in a standard non-renounceable entitlement offer to target up to a further A\$5.2 million (**Entitlement Offer**) at the same Offer Price as the Placement (collectively, the Placement and Entitlement Offer are the **Offer**). The Entitlement Offer is not underwritten.

Bell Potter Securities Limited (**Bell Potter**) acted as sole lead manager to the Offer.

Major Shareholder Support

The Entitlement Offer is being strongly supported by the Company's existing major shareholders demonstrating their continued support for the Company and the long-term value proposition offered by development of ASM's key projects. ASM has secured formal commitments from major shareholders, including from Mr Ian Gandel (the Company's Chair and major shareholder) via his investment entity Abbotsleigh Pty Ltd, totalling minimum subscriptions of approximately \$1.4 million in the Entitlement Offer.

¹ Assuming valid applications are received for all entitlements.

Use of Proceeds

Funds raised pursuant to the Offer, together with existing cash and sources of liquidity, will be applied as follows:

- demonstration of required ASM co-commitments to enable government funding sourced to progress critical path items associated with taking the company to final investment decision (FID); and
- corporate costs, general working capital and costs associated with the Offer.

Details of the Placement

The Placement comprises the issue of 12,931,035 fully paid ordinary shares in ASM (**New Shares**) at an Offer Price of A\$1.16 per New Share (**Offer Price**) along with, subject to shareholder approval, one (1) free-attaching Option for every one (1) New Share subscribed for (**Placement Options**). The terms of the Placement Options are set out in Annexure A.

The Offer Price represents a discount of:

- 19.4% to the Company's last closing price of A\$1.44 on 12 April 2024; and
- 18.7% to the 10-day volume weighted average price of A\$1.427 to close of trade on 12 April 2024.

Placement Shares

All New Shares will be issued under the Placement (**Placement Shares**) pursuant to ASM's existing placement capacity under ASX Listing Rule 7.1. Placement Shares will rank equally with existing fully paid ordinary shares in ASM. Settlement of the Placement Shares is scheduled to occur on 23 April 2024, with the new Placement Shares expected to be issued on 24 April 2024.

Placement Options

The issue of Placement Options to participants under the Placement is subject to and conditional on shareholder approval at an extraordinary general meeting of the Company (**EGM**) expected to be held in June 2024. There is no guarantee that shareholder approval will be received. If approved by shareholders, the Placement Options will be issued shortly after the EGM. The terms of the Placement Options are set out in Annexure A. More information regarding the Placement Options will be set out in the Company's notice of EGM which will be released to ASX and made available to ASM shareholders in due course.

Commenting on the Placement, ASM's Managing Director & CEO, Rowena Smith said:

"We are delighted with the response from existing and new investors to the Placement, which reflects the quality of our projects and their potential to deliver significant value for our shareholders. I would like to take this opportunity to thank both existing and new investors for their support."

"The funds raised under the Offer will go towards demonstrating ASM has the required co-commitments to enable government funding that will be used to progress key critical path activities to

take final investment decision for ASM's Dubbo Project. The market's response has been very encouraging, and we are looking to capitalise on this momentum to accelerate progression towards FID."

Details of the Entitlement Offer

ASM will be undertaking the Entitlement Offer to target raising up to a further approximately A\$5.2 million² (before costs) at the same Offer Price as the Placement. Once the Entitlement Offer opens, eligible shareholders may apply for 1 New Share for every 40 fully paid ordinary shares in the Company held at the record date for the Entitlement Offer along with one (1) free-attaching Option for every one (1) New Share subscribed for (**Entitlement Offer Options**). The Entitlement Offer Options are not subject to shareholder approval at the EGM as they will be issued pursuant to ASM's existing placement capacity under ASX Listing Rule 7.1.

All eligible shareholders (being shareholders who meet the eligibility criteria, including that at the Entitlement Offer record date they have a registered address on the Company's share register in Australia or New Zealand) will be eligible to participate in the Entitlement Offer (**Eligible Shareholders**). The eligibility criteria will be announced in due course. Eligible Shareholders may take up their entitlement to acquire New Shares and Entitlement Offer Options in full, in part, or not at all.

The Entitlement Offer is non-renounceable, meaning Eligible Shareholders who do not wish to subscribe for some, or all, of their entitlement may not sell or transfer their rights and will receive no value for any rights they do not take up. The Entitlement Offer is not underwritten.

ASM reserves the right to place the balance of any New Shares and Entitlement Offer Options which are not applied for by Eligible Shareholders under the Entitlement Offer (**Shortfall Securities**), at the absolute discretion of the Board, within three months of the close of the Entitlement Offer in accordance with ASX Listing Rule 7.2 (Exception 3).

Any Shortfall Securities would be offered at a price not less than the Offer Price as offered under the Entitlement Offer. The Board may, in its absolute discretion, invite other new investors and/or existing ASM shareholders to apply for Shortfall Securities. If there are Shortfall Securities and the number of such securities is insufficient to satisfy applications, the Board's decision as to the number of Shortfall Securities to be issued, and to whom, is final.

The Company will prepare an offer booklet for the Entitlement Offer (**Entitlement Offer Booklet**) to be lodged with ASIC, released to ASX and made available to Eligible Shareholders in due course. Detailed information regarding the Entitlement Offer will be available in the Entitlement Offer Booklet. The Entitlement Offer Booklet will contain detailed instructions on how to participate in the Entitlement Offer. The Entitlement Offer will be subject to the terms and conditions set out in the Entitlement Offer Booklet.

² Assuming valid applications are received for all entitlements.

Options Terms

The key terms of the Placement Options and Entitlement Offer Options (together, the **Options**) are set out in Annexure A to this announcement.

Offer Timetable

The key dates for the Placement are set out below:

Key Events	Date
Settlement of Placement Shares via DVP	Tuesday, 23 April 2024
Allotment of Placement Shares	Wednesday, 24 April 2024
General meeting to approve the issue of Placement Options	June 2024
Issue of Placement Options	June 2024

The anticipated key dates for the Entitlement Offer are set out below. Further detail on the timetable and key dates for the Entitlement Offer will be set out in the Entitlement Offer Booklet, which is expected to be issued in late April 2024.

Key Events	Date
Ex date	Wednesday, 1 May 2024
Record date	Thursday, 2 May 2024
Date of despatch of Entitlement Offer Booklet	Tuesday, 7 May 2024
Entitlement Offer closing date	Monday, 20 May 2024
Issue of Entitlement Offer New Shares and Options	Monday, 27 May 2024

All dates and times are indicative only and subject to change. The Company reserves the right to withdraw the Placement and / or the Entitlement Offer or amend all or any of these dates and times without notice, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. All dates and times are Australian Eastern Standard Time, unless otherwise specified.

Additional Information

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire ASM shares and is not intended to be used or relied upon as the basis for making any investment decision. This announcement has been prepared without taking into account the investment objectives, financial situation or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. ASM is not licensed to provide investment or financial product advice in respect of ASM shares. Cooling off rights do not apply to the acquisition of ASM shares pursuant to the Placement or SPP.

Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on ASM's expectations and beliefs concerning future events, such as the conduct, size and outcome of the Offer and ASM's intent, plans, strategies and objectives in relation to its projects. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, such as, but not limited to, risks relating to ASM's contracting counterparties, funding requirements and legislative and regulatory changes. Many of these factors are outside the control of ASM, which could cause actual results to differ materially from such statements. ASM makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

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This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

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This document has been authorised for release to the market by the Board.

Annexure A – Key Options terms

The following terms apply to the Placement Options and Entitlement Offer Options.

TERM	SUMMARY
Entitlement	Each Option entitles the holder to subscribe for one New Share on exercise of the Option.
Exercise Price	\$1.74 per Option.
Expiry Date	5.00 pm (Sydney time) on 31 October 2027. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
Exercise Period	The Options are exercisable at any time on or prior to the Expiry Date.
Shares issued on exercise	Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
Reconstruction of capital	If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
Participation in new issues	There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising the Options.
Change in exercise price	An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
Transferability	The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
Quoted Options	The Company will apply for Official Quotation of the Options.