



**Rare Earths.  
Critical Minerals.  
High-tech Metals.**

## ASX Release

23 July 2025

### Quarterly Activities Report to 30 June 2025

Australian Strategic Materials' (ASM or the Company) (ASX: ASM) is pleased to provide its Quarterly Activities Report to 30 June 2025. The Company has continued to progress its strategic objectives, in line with its mine to metals strategy.

#### Highlights

- **Increasing sales and deliveries** from the Korean Metals Plant (KMP) as global trade tensions and export restrictions rise, including:
  - Confirmed purchase orders totalling **22.2 tonnes of NdFeB alloy**;
  - Completed delivery of previously reported **19 tonnes of NdPr metal**; and
  - Confirmed purchase order for an additional **10-tonne of NdPr metal**, post Quarter.
- Enhanced metallisation capability at KMP delivers **first-ever heavy rare earth metals sale** – terbium and dysprosium – post Quarter.
- **Breakthrough metallurgical results** from Rare Earth Options Assessment drive the delivery of accelerated Heap Leach Scoping Study.
- Heap Leach Scoping Study – delivered post Quarter – demonstrates strong potential for a **low cost, low capital, accelerated pathway to rare earth production** at the Dubbo Project.
- **Strengthened financial position:**
  - Refinancing of Korean loan facilities;
  - Cash balance at 30 June, **A\$19 million**; and
  - **~A\$11.9 million raised** post Quarter via oversubscribed Share Purchase Plan.

#### Commentary from ASM Managing Director and CEO, Rowena Smith:

"The June 2025 Quarter has seen strong momentum at ASM, with growing metal and alloy sales, the release of positive metallurgical test results and accelerating market recognition of our strategic positioning. The current geopolitical environment has created urgency for alternative rare earth and critical mineral supply chains – precisely the challenge ASM has been preparing to address through our mine to metals strategy.

"Our Korean Metals Plant has never been more relevant. As one of the few facilities outside China capable of producing rare earth metals and alloys at a commercial scale, we've seen a marked increase in customer enquiries and secured new orders – the result of years of dedicated relationship building, success from rigorous product validation processes, and the deep technical expertise we have developed across our team.

"This growing demand is not only a reflection of the manufacturing sector's urgent need for diversified supply chains, but also a clear recognition of ASM's proven capability to deliver high-quality critical materials. Importantly, we've also made substantial progress in developing our heavy rare earth metallisation

capabilities, and subsequent to the end of the Quarter, announced our first commercial sale of terbium and dysprosium metals to Magnequench.

“The encouraging metallurgical test results from the heap leach bottle roll testing represent a pivotal moment for the Dubbo Project. Achieving neodymium recoveries up to 80% and praseodymium recoveries up to 85% through heap leaching validates a dramatically simplified, lower capital pathway to production. The Heap Leach Scoping Study – delivered on 11 July – demonstrates the strong potential for a phased development approach, with potential capital savings of over A\$900 million compared to our previous estimates, operating unit costs forecasted to be in the first quartile of operating costs among ex-China producers and robust project financials. This will fundamentally transform the project economics and open new funding pathways.

“We've also strengthened our financial position during the Quarter through successful refinancing of our Korean loan facilities, providing operational flexibility, and the launch of our Share Purchase Plan to support strategic growth initiatives, including our US expansion plans and continued capability building at the Korean Metals Plant. Subsequent to the end of the Quarter, we announced the results of the Share Purchase Plan, raising approximately A\$11.9 million, substantially exceeding the targeted amount. We are thrilled by this strong oversubscription to our Share Purchase Plan – a clear vote of confidence from our shareholders in our strategic vision and role in securing global rare earths supply.

“These technical advances and financial strengthening position ASM’s mine to metals strategy as uniquely compelling. With China controlling over 90% of rare earth processing and increasingly using export restrictions as a strategic tool, the world desperately needs alternative sources. Our integrated approach – from the world-class Dubbo Project, through to commercial metallisation in Korea – offers partners a complete, de-risked solution.

“The momentum is building internationally. Our participation in the recent Quad critical minerals discussions and the advancing American Metals Plant initiative reflects the growing recognition that secure supply chains require coordinated effort across jurisdictions. The recently announced partnership between MP Materials and the U.S. Department of Defense underscores this global shift, demonstrating strong support from Western governments at the highest level for rare earths independence. ASM is at the centre of this strategic shift, delivering practical solutions when the world needs them most.”



Rowena Smith (3<sup>rd</sup> from right) participated at the Quad Business Roundtable on Critical Minerals in Washington.

## **MINING & REFINING**

*ASM's mine to metals strategy begins with the Dubbo Project in NSW, Australia – a globally significant resource of rare earths, zirconium, niobium and hafnium. The Dubbo Project will produce a range of oxides and chlorides, including neodymium, praseodymium, dysprosium and terbium, for further downstream processing into high-tech metals and alloys.*

### **Dubbo Project**

#### **Rare Earth Options Assessment**

ASM made significant progress under its Rare Earth Options Assessment (**REOA**) during the Quarter with the completion of heap leach metallurgical testwork. Results from the testwork delivered very encouraging rare earth recoveries that highlight the potential for a lower capital, phased development approach at the Dubbo Project.<sup>1</sup>

The REOA has been evaluating alternative pathways to recover light and heavy rare earth elements from the Dubbo Project, focusing on atmospheric leaching methods that would provide a simpler pathway to production, eliminating the need for capital- and energy-intensive roasting infrastructure in the initial development phase.

The bottle roll testing was based on three major Dubbo Project composites taken across the East, Central and West zones of the deposit. Testing yielded positive recovery results, with optimal results achieved from the Heap Leach Composite (HLC)-West composite (representing the first 8-10 years of mined ore).

#### **Under optimal leaching parameters, HLC-West delivered:**

- Neodymium recoveries up to 80%
- Praseodymium recoveries up to 85%
- Terbium recoveries up to 44%
- Dysprosium recoveries up to 37%

Results from the bottle roll testwork point to the opportunity for a phased implementation of the Dubbo Project that would utilise a simplified process with a low-cost heap leach, purification, separation and refining flowsheet. This would be focused on the initial recovery of light and heavy rare earths and has the potential to deliver multiple benefits across funding, construction and capital requirements as ASM looks to move the project into the execution phase.

Subsequent to the Quarter ending 30 June 2025, ASM released its Heap Leach Scoping Study<sup>2</sup> – providing a high-level economic evaluation (+/- 50%) of a heap leach, rare earth focused first phase implementation of the Dubbo Project.

The Scoping Study represents a transformative shift in the Dubbo Project's development approach – eliminating complex initial processing stages, simplifying construction, and accelerating the pathway to cash

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<sup>1</sup> Refer ASX Release, 17 June 2025: [Heap leach metallurgical testwork delivers encouraging rare earth recoveries](#)

<sup>2</sup> Refer ASX Release, 11 July 2025: [Heap Leach Option delivers major cost reductions for Dubbo Project](#)

flow generation. This approach offers a more agile and targeted entry point, aligning with current market priorities while potentially reducing initial capital requirements.

**Key highlights from the Heap Leach Scoping Study include:**

- **Lower up-front capital cost:** Reduced initial capex expenditure of A\$740 million, representing a cost saving of A\$938 million (or 56%) from the previous estimated capital expenditure presented in the Company's 2021 Optimisation Study<sup>3</sup>.
- **Forecast operating expenses in the lowest quartile of operating costs among ex-China rare earth producers.**
  - Operating C1 Cash Cost over years 3-15:
    - USD 39/NdPr kg
    - USD 421/Tb kg
    - USD 122/Dy kg
  - Operating C1 Cash Cost over LOM (42 years):
    - USD 47/NdPr kg
    - USD 506/Tb kg
    - USD 147/Dy kg
- **Average production targets for years 3-15 estimate a total of 1,242 tpa of rare earth oxides:**
  - NdPr oxide: 1,157 tpa
  - Tb oxide: 13 tpa
  - Dy oxide: 72 tpa
- **Robust financials forecast across multiple pricing scenarios:**
  - Based on the blended pricing forecast from Project Blue and Adamas Intelligence:
    - Pre-Tax NPV8% of AUD 967 million
    - Pre-Tax IRR of 18.3%
  - Based on pricing upside, based solely on the pricing forecast from Adamas Intelligence:
    - Pre-Tax NPV8% of AUD 1,468 million
    - Pre-Tax IRR of 22.9%
  - Dubbo Project forecast to break even at an NdPr price of USD 87/kg, Tb price of USD 1,160/kg and Dy price of USD 258/kg.
- **Processing methodology leverages proven heap leaching** technology and extensive in-house purification, separation and refining technology work to prioritise the production of light and heavy rare earth oxides to address near-term global demand growth.
- **42-year mine life** underpinned by the existing Measured Mineral Resource for the Dubbo Project.

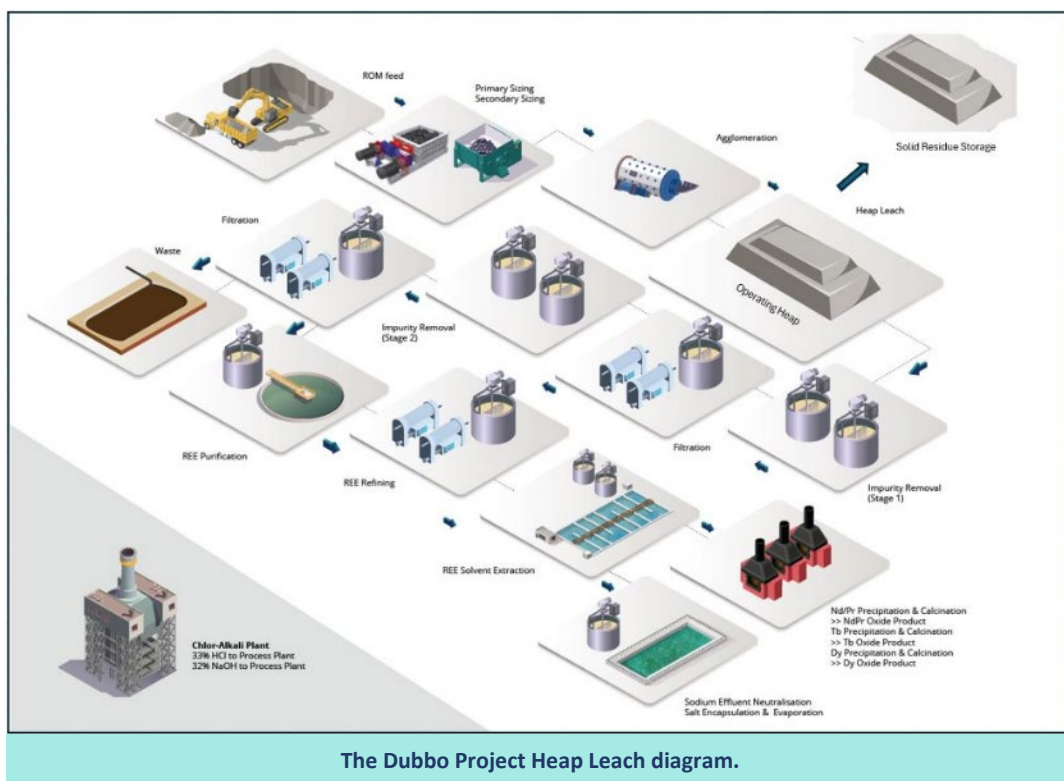
<sup>3</sup> Refer ASX Release, 7 December 2021: [Dubbo Project Optimisation Delivers Strong Financials](#)

A potential second phase of the Dubbo Project could target the broader suite of critical minerals in the Dubbo resource. For further details and the assumptions underpinning the above forecasts, please refer to the full Scoping Study.<sup>4</sup>

When combined with ASM's established mid-stream metallisation capability in Korea and growing magnet customer relationships, ASM is in a unique position to support the Western world's ambition to secure an alternative, end-to-end rare earth supply chain.

**The REOA is continuing with several workstreams, including:**

- Conducting additional metallurgical testwork, including drilling, column testing, and optimisation of the leach process.
- Establishing a JORC-compliant Ore Reserve Estimate to underpin the mine life and product recovery assumptions.
- Producing separated rare earth oxides at the Dubbo Project pilot plant in collaboration with ANSTO.
- Engaging specialist engineering partners to refine the separation technology and residue storage facilities designs.
- Delivering a PFS specific to the heap leach process, which will be accelerated by leveraging ASM's extensive prior technical and engineering work. This study will form the basis of future FEED and investment decisions.



<sup>4</sup> Refer ASX Release, 11 July 2025: [Heap Leach Option delivers major cost reductions for Dubbo Project](#)



Progress on these workstreams during the Quarter included the engagement of DRA Global to complete engineering work to support the completion of the PFS, further drilling, and the commencement of column leach metallurgical testwork.

ASM is targeting completion of the PFS in Q1 2026, which will further define the technical and economic viability of the Heap Leach Option and inform the decision on whether to proceed. If deemed viable, this pathway enables a streamlined transition to pre-execution engineering, followed by Final Investment Decision (FID) and a 30-month construction phase, during which the processing facility and the heap leach facility would be built in parallel. This positions ASM to fast-track the Dubbo Project towards production.



Rowena Smith participated at the 2025 U.S. Export-Import Bank (EXIM) Annual Conference in May.

## Funding and offtake

The release of the Heap Leach Scoping Study presents a materially lower capital requirement that reshapes the funding landscape. This reduction not only decreases the quantum of funding required but also enhances the attractiveness of the project to potential investors, opening up new pathways to accelerate progress towards FID.

In parallel, ASM is actively advancing offtake discussions, now streamlined by a reduced product suite focused on light and heavy rare earth oxides proposed for the first phase of development. This simplification is already aiding engagement with offtake partners, and discussions are continuing with renewed momentum in light of the updated scope.

During the Quarter, ASM received confirmation that Export Development Canada (**EDC**) has extended its non-binding and conditional Letter of Interest (**LoI**) to 24 April 2026. This LoI outlines potential support for a direct lending debt facility of up to A\$400 million for the construction and execution phase of the Dubbo Project. Combined with existing conditional support from the Export-Import Bank of the United States (**US EXIM**) and Export Finance Australia (**EFA**), ASM has over A\$1.5 billion in conditional export credit agency debt funding support.

Importantly, the recently released Scoping Study continues to support the content criteria required by ECAs. In light of this, ASM is actively continuing engagement with these agencies, with the updated project scope and lower capital requirements helping to strengthen discussions and unlock new funding opportunities.

In addition, ASM and KCF Energy Co. Ltd have agreed to extend their revised framework agreement until 31 December 2025. The extension of the agreement provides the opportunity to continue discussions and explore opportunities with parties that KCF has identified with an interest in the Dubbo Project.

### **Caspin Option Agreement**

During the Quarter, ASM advised that it will not exercise its option under the Mount Squires Project Option Agreement with Caspin Resources Limited.<sup>5</sup> The Agreement, which provided ASM with an option to earn up to 75% of the rare earth element rights through staged earn-in rights, terminated on 1 June 2025.

While ASM will not proceed with the Mount Squires opportunity, the evaluation process provided valuable insights as the Company continues to explore additional rare earth sources to supplement the Dubbo Project.

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<sup>5</sup> Refer ASX Release, 23 May 2025: [Termination of Mount Squires Project Option Agreement](#)

## METALS & ALLOYS

*ASM's mine to metals strategy extends into the production of high-tech metals and alloys required for advanced manufacturing, clean energy technologies, and defence and aerospace applications. ASM's first metallisation plant was established in South Korea in 2022. It is one of the few facilities outside China producing rare earth metals and alloys.*

### Korean Metals Plant

#### Safety & accreditations

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

Following a Surveillance Audit in April, the Korean Metals Plant (KMP) successfully had its ISO 45001 (Occupational Health and Safety) certification extended.

#### Neodymium iron boron (NdFeB) strip alloy

As previously reported, KMP achieved significant commercial progress during the Quarter with confirmed purchase orders totalling 22.2 tonnes of NdFeB alloy. Recent successful product validation work, combined with international trade volatility and geopolitical uncertainty, has resulted in increased sales enquiries and accelerated customer discussions, as rare earth supply chains face increasing vulnerability due to China's export restrictions.

The binding purchase orders were with two key customers, Noveon Magnetics (**Noveon**) and Vacuumschmelze (**VAC**).

**Noveon:** Delivery arrangements for the first 15 tonnes of NdFeB alloy under an existing 100-tonne supply agreement were finalised, with the first 1.2 tonnes dispatched in June. Following successful qualification, the remaining 13.8 tonnes will be delivered during the second half of 2025. Pricing has been set at fixed rates referenced to agreed specifications and prevailing market prices of relevant rare earth oxides. This alloy supports the production of US-made rare earth magnets as part of efforts to strengthen alternative supply chains.



Noveon Chief Commercial Officer Peter Afiuny (3<sup>rd</sup> from right) visited the KMP in June.



During the Quarter, the KMP welcomed Noveon's Chief Commercial Officer, Peter Afiuny, to the facility. The visit included discussions on Noveon's anticipated demand volumes and potential areas for commercial cooperation as both companies continue to explore opportunities to secure further sales and a long-term supply arrangement.

**VAC:** Following successful product validation, the KMP received a purchase order from German-based VAC for 7.2 tonnes of NdFeB alloy across five different specifications. The first shipment of 1.2 tonnes was dispatched on 30 June and arrived with the customer in the first week of July. Remaining deliveries will be scheduled through the second half of 2025, with pricing similarly structured around agreed specifications and market rates. This order marks a positive step forward in the growing strategic relationship between ASM and VAC.

ASM is seeing strong and growing momentum in its customer engagement and production validation efforts. During the Quarter, a 100kg shipment was dispatched to USA Rare Earth to support commissioning of its US magnet facility, with positive discussions underway regarding future supply. In June, a 100kg alloy sample was delivered to GKN for quality verification, and a European customer is scheduled to take receipt of 100kg of sample product in July.

These validation programs are generating increasing interest and represent important steps toward securing ongoing sales arrangements. The positive reception of ASM's product continues to build confidence in its commercial readiness and strategic value in global supply chains. Importantly, these successful validation processes also serve as strong confirmation of the technical capability that the Korean Metals Plant has developed to consistently produce high-quality, specification-grade NdFeB alloys – a critical component in the permanent magnet supply chain.

To support recent sales and growing customer demand, the KMP has entered a consistent production cycle – a significant step in scaling up operations – and planning is already underway to further ramp up production capacity in line with anticipated sales growth. This proactive approach ensures ASM is well-positioned to meet increasing demand and deliver high-quality products to its global customer base.

### **Neodymium praseodymium (NdPr) metal**

ASM continues to build strong momentum in metal sales, marked by the successful delivery of the previously reported 19 tonnes of NdPr metal to Magnequench (a subsidiary of Neo Performance Materials).<sup>6</sup> This milestone was further strengthened following the conclusion of the Quarter, with the sale of an additional 10 tonnes of NdPr metal, alongside ASM's first-ever sale of heavy rare earth metals – 2 kilograms each of terbium (**Tb**) and dysprosium (**Dy**) – produced at the KMP and to be shipped to Neo's magnet manufacturing facility in Estonia.<sup>7</sup>

To formalise and expand this growing relationship, ASM and Neo have entered into a Memorandum of Understanding (MoU) to explore broader collaboration across sales, tolling and innovation. The MoU sets the stage for deeper cooperation and ongoing supply of light and heavy rare earth metals.

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<sup>6</sup> Refer ASX Release, 30 April 2025: [Quarterly Activities Report to 31 March 2025](#)

<sup>7</sup> Refer ASX Release, 15 July 2025 [Heavy rare earth sales & MOU with Neo Performance](#)

These developments reflect the increasing demand for ASM's high-purity rare earth products and the strategic value of its metallisation expertise. Discussions for further sales across a range of metals are progressing well, reinforcing ASM's position as a trusted supplier in the global rare earths market.

### **Metallisation technology**

Export controls on heavy rare earth materials and technologies from China continue to drive an increased level of interest and enquiries from customers for the supply of heavy rare earth metals – Dy and Tb.

During the Quarter, ASM continued the development of commercial production capability of Dy and Tb using the Company's proprietary technology and in-house expertise. Commercial samples of Dy and Tb metal have been produced and, following the conclusion of the Quarter, sold as part of ASM's recently announced sale agreement, outlined above.

To meet increasing demand and enable continued ramp-up at the KMP, ASM is now advancing plans to procure, build and commission additional heavy rare earth metal production equipment. These upgrades will significantly expand capacity and are expected to be finalised in the first half of 2026, positioning ASM to become a reliable supplier of heavy rare earth metals.

### **Feedstock**

ASM continued to strengthen its alternative feedstock options during the Quarter as heightened focus on supply chain security accelerated discussions. Companies are increasingly recognising the imperative to collaborate across jurisdictions to reduce dependency on single-source suppliers.

To fulfil current orders and ongoing product validations, the KMP has utilised existing stock and, in June, took receipt of 2 tonnes of oxides from an Australian supplier. Building on this diversified approach, ASM has progressed discussions with Canada-based Ucore Rare Metals Inc. for oxide supply and continues to engage with oxide and metals suppliers in the US, Australia and the EU.

### **American Metals Plant Strategic expansion**

In February 2025, ASM submitted a whitepaper to the US Department of Defense (**DoD**) for potential grant funding to build a metals plant in the US. Subsequently, the DoD released a 'Cornerstone Initiative Request' (CIR), inviting fixed price full proposals seeking funding for the construction and operation of a commercial-scale metals plant. ASM submitted its proposal to the DoD in June, and the Company is now awaiting determination on funding.

ASM's intent to build a metals plant in the US aligns with its mine to metals strategy – expanding its vertically integrated supply chain into relevant jurisdictions. The strategic rationale for US expansion is underpinned by multiple compelling incentives that support America's mineral independence objectives. President Trump's Executive Order on 'Immediate Measures to Increase American Mineral Production' demonstrates a clear government commitment to reducing reliance on critical minerals from hostile foreign powers, creating strong policy momentum for projects like ASM's proposed facility.

The supportive business environment includes significant financial incentives such as the 45X tax credit for domestic clean energy manufacturing, alongside state-based grants and competitive operational advantages, including lower power and logistics costs.

A US-based facility would position ASM to serve the rapidly growing North American market for rare earth metals and alloys while benefiting from government support for critical minerals infrastructure. This expansion represents a natural evolution of ASM's proven metallisation capabilities, leveraging the operational expertise developed in Korea to establish a second production hub in a strategically important jurisdiction. Once operational, the Dubbo Project would provide an allied, non-China source of feedstock, supporting a resilient and expanding US domestic critical minerals supply chain and reinforcing ASM's role in enabling secure, diversified supply chains for advanced manufacturing.

ASM anticipates early indication on the funding process before the end of calendar year 2025. While this evaluation process proceeds, ASM is conducting due diligence on its selection of a preferred US state for the location of the proposed metals plant. This decision is expected to be made in alignment with the funding process.

## ESG

*ASM is establishing strong Environmental, Social and Governance (ESG) foundations in line with the growth of the business. We understand the importance of managing environmental impacts, respecting human rights, minimising greenhouse gas emissions, and supporting local communities. We want to leave a legacy that delivers enduring benefits to the communities and regions where we operate.*

### ESG Risk Rating update

ASM is pleased to report continued improvement in its independent ESG Risk Rating from Morningstar Sustainability, achieving a score of 25.6 Medium Risk rating in 2025.

The global ESG Risk Rating assesses a company's exposure to ESG risks and how effectively those risks are being managed. With this year's score, ASM moved into the top 8% (19<sup>th</sup> out of 221) of global companies within the Diversified Metals industry group.

The result reflects ASM's commitment to integrating sustainability into all aspects of its business, from project development through to downstream operations, and is an important external validation of the Company's ongoing progress. ASM's ESG Risk Rating is publicly available<sup>8</sup> and used by a growing number of investors and stakeholders as part of their decision-making frameworks.



**TPC has received its first annual monitoring report for the Toongi Soil Carbon Project.**

### Soil Carbon Monitoring

ASM received its first annual monitoring report for the Toongi Soil Carbon Project during the Quarter. The Soil Carbon Project is managed by ASM's subsidiary, Toongi Pastoral Company (TPC), and was registered with the Clean Energy Regulator in 2024.

<sup>8</sup> Source, Morningstar Sustainability: <https://www.sustainalytics.com/esg-rating/australian-strategic-materials-ltd/2007995966>



The objective of the project is to improve carbon storage potential in the farmland surrounding the Dubbo Project, and managed by TPC. This is achieved through the adoption of new practices and technologies and support from our partner Climate Friendly. Ultimately, carbon storage has the potential to generate Australian Carbon Credit Units (ACCUs), with one ACCU representing one tonne of carbon dioxide equivalent (tCO<sub>2</sub>-e) that would have otherwise been released into the atmosphere.

The first annual review conducted by Climate Friendly saw notable shifts in:

- Improved pasture diversity and legume presence;
- Stronger root systems, deeper moisture access;
- Carbon gains in the soil profile; and
- Ground cover is maintained despite harsh conditions.

The review has provided key actions for TPC to undertake in 2025, with the next review scheduled for March 2026.

### **Dubbo Show**

ASM and TPC once again participated in the annual Dubbo Show in May, reinforcing the Company's commitment to the local region that will host the Dubbo Project.

The show provides a valuable opportunity for ASM to connect directly with residents, businesses and stakeholders, building understanding of the Dubbo Project's benefits and addressing community interests. As a significant future employer and economic contributor to the Dubbo region, ASM recognises the importance of establishing strong community relationships and demonstrating its commitment to delivering enduring benefits to the areas where it operates.



## CORPORATE

ASM's corporate activities focus on securing the funding and strategic partnerships necessary to execute its mine to metals strategy. The Company maintains strong financial discipline while pursuing growth opportunities across its Australian and Korean operations and expanding into new markets.

### Share Purchase Plan

ASM launched an underwritten Share Purchase Plan (**SPP**) in June to raise approximately A\$3.0 million to support key strategic initiatives. The SPP was underwritten by Canaccord Genuity (Australia) Limited, with New Shares offered to eligible shareholders in Australia and New Zealand at a 20% discount to the volume-weighted average market price for ASM shares calculated over the last five days on which sales in shares were recorded before the date on which the new shares under the SPP were issued.

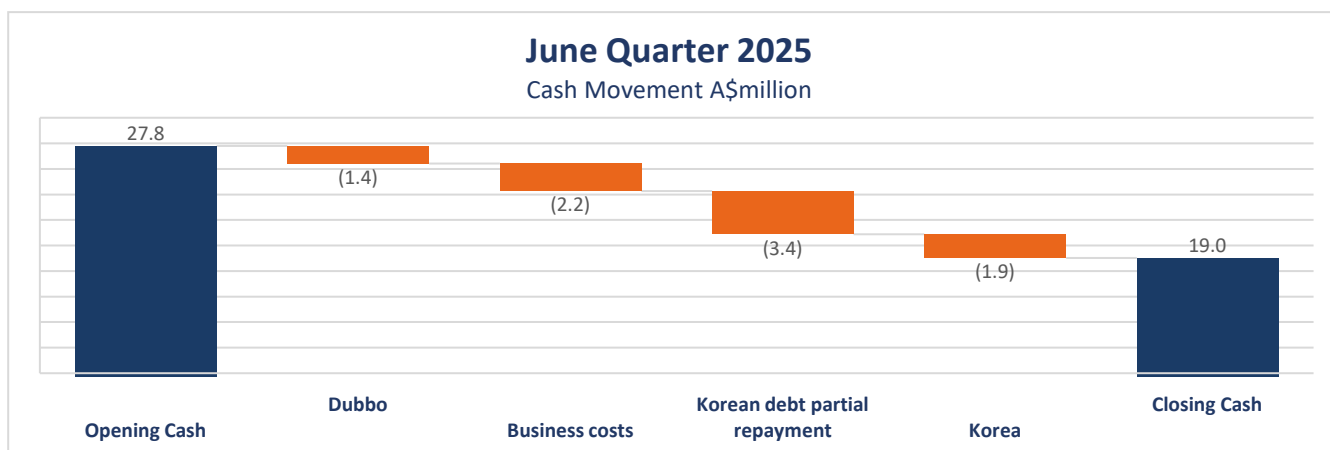
After the Quarter ending 30 June 2025, ASM successfully completed the SPP, raising A\$11,862,000 (with ASM electing to accept oversubscriptions). This exceptional level of support from eligible shareholders reflects confidence in ASM's strategic vision and the Company's pivotal role in the global rare earths supply chain.

Funds raised from the SPP will be deployed across ASM's priority growth areas, including advancing due diligence for the establishment of a metals facility in the United States, supporting the ramp-up and building of heavy rare earth metallisation capability at the KMP, and continued support of the Rare Earth Options Assessment for the Dubbo Project.

### Cash

ASM's cash position as at 30 June 2025 was A\$19.0 million. The following waterfall chart highlights cash movements during the quarter, including:

- A\$1.4M of investment in the Dubbo Project, including engineering, metallurgical and rare earth options assessment net of Australian Government grants.
- A\$2.2M of business costs relating to business development, marketing and administration.
- A\$3.4M partial loan repayment of the Korean Development Bank (**KDB**) loan facility.
- A\$1.9M of Korean expenditures are principally related to inventory, administrative, and personnel costs, net of Korean Government grant funding and sales.



## Banking facilities

During the Quarter ended 30 June 2025, the Group successfully executed two Korean loan facilities totalling ₩12 billion (A\$13.6m) as part of a refinance of existing Korean loan facilities associated with the Company's Korean Metals Plant. The refinance followed a partial loan repayment of ₩3 billion (A\$3.4m) to KDB on 10 June 2025. For further details on these facilities, please refer to Appendix 5B, item 7.

## Market outlook

Several European and US original equipment manufacturers (OEMs) were forced to halt production lines during the Quarter after the announcement on 4 April that China would impose new restrictions on the export of several dual-use items, including products and raw materials containing medium and heavy rare earths, dysprosium and terbium. Within weeks, a dearth of rare earth magnets led to warnings of imminent disruptions from both the European Association of Automobile Suppliers (CLEPA) and US-based MEMA (The Vehicle Suppliers Association), with Ford among those affected.

Despite reports towards the end of the Quarter that the US had reached an agreement with China to accelerate shipments of rare earths, we believe that this has so far been highly selective, with most applicants still waiting for licenses to be approved. In addition, and again despite further reports that the Chinese government had relaxed wider export restrictions, we understand that approvals have so far favoured downstream components and assemblies, enabling Beijing to maintain the bottleneck in processing that confers control of the supply chain. Meanwhile, several large Chinese state-owned enterprises are understood to have withdrawn or suspended applications due to pricing uncertainty, further adding to delays of rare earth raw materials to international markets.

**NdFeB:** NdPr oxide and metal prices rose by 2.2% and 2.3% respectively from the end of Q1 due to strong consumer demand, which in turn has seen increased buying interest in the mid-stream amid limited spot supplies. Shortly after the end of the Quarter, prices hit 19-month highs on restocking by magnet makers, while the onset of the monsoon season in Myanmar is expected to limit production and shipments of ore feedstock to separation plants in southern China.

High-grade magnet alloys also rose on average by 1%, building on gains made in Q1 of 6%.

**Zirconia:** Prices edged down to finish the Quarter at \$2,030/t, with US trade policy said to weigh on the previously buoyant zirconia and specialty chemical markets. More broadly, markets for zircon – the raw material from which most zirconia is derived – continue to experience sluggish demand from the ceramics and refractory segments, which is likely to translate to reduced year-on-year requirements in both Europe and China.

**Hafnium:** Hafnium ingot prices finished the Quarter at \$3,750/kg, a fall of \$50/kg from the end of the March Quarter. While demand from the aerospace sector has increased, it is believed that end users in other segments are, for now, sufficiently supplied under long-term contracts, although there have been reports of concerns relating to the limited number of export licenses so far awarded by the Chinese government.

**Niobium:** Prices for niobium ingot rose in Q2, finishing the Quarter at multi-year highs of \$100/kg. Prices across the niobium metal complex have surged in recent weeks due to a shortage of available ferroniobium units from suppliers including IXM and Niobec, the latter of whom had been contending with strike action that lasted for eight weeks in May and June by more than three hundred workers at its Canadian operations.

## MINING TENEMENTS

*Australian Strategic Materials Limited confirms the following information as at 30 June 2025 (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

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

Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. 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.

A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including known and unknown risks. These factors may include but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic factors, increased capital costs and operating costs, the speculative nature of exploration and project development, general mining and development risks, closure and rehabilitation risks, changes to the regulatory framework within which the Group operates or may in the future operate, environmental conditions and environmental issues, and the recruitment and retention of key personnel, industrial relations issues and litigation. Forward-looking statements are only predictions and are subject to known and unknown risks, uncertainties, assumptions, and other important factors (many of which are outside the control of the Company) 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.

Forward-looking statements, opinions and estimates provided in this document are based on assumptions and contingencies that are subject to change without notice. There can be no assurance that actual outcomes will not differ materially from these 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.

Information on likely developments in the Group’s business strategies, prospects and operations for future financial years and the expected results that could result in unreasonable prejudice to the Group (for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage) has not been included below in this report. 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.

Readers should consider the forward-looking statements contained in this report in light of those risks and disclosures. Neither the Group, nor any of its directors, officers, employees, agents or advisers makes any representation or warranty, express or implied as to the accuracy, likelihood of achievement or reasonableness of any forward-looking statement contained in this report. Except as required by law or regulation (including the ASX Listing Rules), none of the Group, nor any of its directors, officers, employees, agents or advisers undertakes any obligation to supplement, revise or update forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events, results or other factors affect the information contained in this report.

This ASX announcement was authorised by the ASM Board.

**- ENDS -**

## APPENDIX 5B

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

Name of entity

Australian Strategic Materials Ltd	
ABN	Quarter ended ("current quarter")
90 168 368 401	30 June 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	726	3,073
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(668)	(3,046)
(d) staff costs	(3,268)	(13,825)
(e) administration and corporate costs	(1,358)	(6,824)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	220	1,519
1.5 Interest and other costs of finance paid	(9)	(31)
1.6 Income taxes received / (paid)	5	1
1.7 Government grants and tax incentives	402	2,361
1.8 Other (provide details if material)	92	617
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,858)</b>	<b>(16,155)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(79)	(1,590)
(d) exploration & evaluation	(1,594)	(10,644)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	3
	(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>	195	4,277
	<i>Payments for biological assets</i>	-	(47)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,478)</b>	<b>(8,001)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)*	-	-
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	(54)	(136)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(3,382)	(3,382)
3.7	Transaction costs related to loans and borrowings	(244)	(1,012)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(3,680)</b>	<b>(4,530)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	27,801	47,603
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,858)	(16,155)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,478)	(8,001)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,680)	(4,530)
4.5	Effect of movement in exchange rates on cash held	228	96
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>19,013</b>	<b>19,013</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7,013	13,801
5.2	Call deposits	12,000	14,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>19,013</b>	<b>27,801</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	373
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>During the quarter ended 30 June 2025, item 6.1 cash payments totalled \$373,000. These payments included Director's fees, travel, consulting and superannuation. Other related parties' payments included \$59,000 paid to Alkane Resources Limited for personnel and office services.</i>		

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>																					
7.1	Loan facilities	13,576	13,576																					
7.2	Credit standby arrangements	-	-																					
7.3	Other (please specify)	-	-																					
7.4	<b>Total financing facilities</b>	-	-																					
7.5	<b>Unused financing facilities available at quarter end</b>		-																					
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>																								
	<table><tr><th></th><th>KDB Industrial Facility - Opex</th><th>Hana Bank Industrial Facility - Opex</th></tr><tr><td>Facility amount</td><td>₩ 9,000,000,000</td><td>₩ 3,000,000,000</td></tr><tr><td>Amount drawn</td><td>₩ 9,000,000,000</td><td>₩ 3,000,000,000</td></tr><tr><td>Repayment date</td><td>10 June 2026</td><td>30 May 2026</td></tr><tr><td>Lender</td><td>KDB Bank</td><td>Hana Bank</td></tr><tr><td>Interest</td><td>7.02% - fixed KDB industrial financial debenture rate (on date of transfer) + 4.85% pa.</td><td>3.801% - 6 months variable KDB 6-month financial debenture rate (on date of transfer) + 1.242% pa.</td></tr><tr><td>Security</td><td>Secured</td><td>Unsecured</td></tr></table>		KDB Industrial Facility - Opex	Hana Bank Industrial Facility - Opex	Facility amount	₩ 9,000,000,000	₩ 3,000,000,000	Amount drawn	₩ 9,000,000,000	₩ 3,000,000,000	Repayment date	10 June 2026	30 May 2026	Lender	KDB Bank	Hana Bank	Interest	7.02% - fixed KDB industrial financial debenture rate (on date of transfer) + 4.85% pa.	3.801% - 6 months variable KDB 6-month financial debenture rate (on date of transfer) + 1.242% pa.	Security	Secured	Unsecured		
	KDB Industrial Facility - Opex	Hana Bank Industrial Facility - Opex																						
Facility amount	₩ 9,000,000,000	₩ 3,000,000,000																						
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Security	Secured	Unsecured																						
<i>Both loan facilities are classified as current liabilities in accordance with all terms and conditions.</i>																								

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,858)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,594)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(5,452)
8.4	Cash and cash equivalents at quarter end (item 4.6)	19,013
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	19,013
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3.5
	<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	
<i>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.</i>	

## 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: 23 July 2025

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.