

Australian Strategic Materials Limited Share Purchase Plan Booklet

This is an important document and requires your immediate attention. You should read this Booklet in full.

Eligible Shareholders have the opportunity to participate in the Share Purchase Plan offer by applying for up to \$30,000 of new Shares without incurring brokerage or other transaction costs. Details of the offer and how to participate are set out in this Booklet.

Applications for new Shares under this Share Purchase Plan must be received by 5.00pm AWST on Friday, 23 November 2022.

Not for release to US wire services or distribution in the United States

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Important information

This document is intended for use only in connection with the SPP Offer to Eligible Shareholders in Australia or New Zealand. No action has been taken to permit an offering of Shares in any jurisdiction outside of Australia and New Zealand. The distribution of this document may be restricted by law and persons (including Custodians and nominees) who come into possession of this document should observe any such restrictions.

In particular, this document may not be released to US wire services or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any Shares in the United States or in any jurisdiction in which such an offer would be illegal. The SPP Shares have not been, and will not be, registered under the *U.S. Securities Act of 1933* or the securities laws of any U.S. state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States).

1 Letter to Shareholders

Dear Shareholder

On behalf of the directors of Australian Strategic Materials Limited (ACN 168 368 401) (**ASM**), I am pleased to offer you the opportunity to participate in a share purchase plan (**SPP**), which allows Eligible Shareholders to subscribe for up to \$30,000 worth of new Shares in ASM (**SPP Shares**) without incurring brokerage or other transaction costs.

The SPP is uncapped and is not underwritten. The SPP follows ASM's successful institutional placement announced on **Wednesday, 2 November 2022**, which raised approximately \$30 million (**Placement**). The Participation in the Placement by directors Ian Gandel (who intends to subscribe for \$4 million via associated entities) and Kerry Gleeson remains subject to shareholder approval being sought at the annual general meeting of ASM.

New SPP Shares are being offered under the SPP at the Issue Price of \$1.73, which is the same price as was paid for each Share by investors in the Placement. The Issue Price of \$1.73 represents a discount of:

- 12.4% to the Company's last closing price of \$1.975 on 28 October 2022; and
- 16.4% to the 10-day volume weighted average price of \$2.069 on 28 October 2022.

Use of proceeds of the Placement and SPP

The proceeds of the Placement and SPP will be used to:

- secure KMP feedstock inventory to support metals production, and in turn assist with near term customer acquisition;
- accelerate offtake marketing and strategic partner discussions in relation to funding the Dubbo Project;
- commence early works on roads, bridge and rail that are important for site access; and
- manage corporate costs, general working capital and costs associated with the Capital Raising.

Further details about the Placement are included in ASM's ASX announcements released on **Wednesday, 2 November 2022**, which we encourage you to read.

Participation in the SPP

Participation in the SPP is voluntary and open to all Eligible Shareholders, being holders of Shares in ASM at **5.00pm (AWST) on Tuesday, 1 November 2022 (Record Date)** and whose address on the Register is in Australia or New Zealand. The SPP is also being extended to Eligible Shareholders who are Custodians or nominees to participate in the SPP on behalf of certain Eligible Beneficiaries on the terms and conditions set out in this booklet (**Booklet**).

Shareholders in the United States are not eligible to participate in the SPP. Similarly, Shareholders (including Custodians and nominees) who hold Shares on behalf of persons in the United States or elsewhere outside Australia and New Zealand, or are acting for the account or benefit of such persons, are not eligible to participate in the SPP on behalf of those persons.

Once issued, SPP Shares will rank equally with existing Shares in ASM.

The terms and conditions of the SPP are provided in this Booklet. We urge you to read these materials in their entirety and seek your own financial and taxation advice in relation to the SPP, before you decide whether to participate.

How to apply for SPP Shares

The SPP Offer opens on **Thursday, 10 November 2022** and is expected to close at **5.00pm (AWST) on Wednesday, 23 November 2022**. SPP Shares are expected to be issued on **Wednesday, 28 November 2022** and to commence trading on ASX on **Tuesday, 29 November 2022**.

To apply for SPP Shares, you must, by **5.00pm (AWST) on Wednesday, 23 November 2022**, either:

- make a payment directly via BPAY^{®1} (you do not need to return the Application Form enclosed with this Booklet if you choose this option); or
- complete and return the personalised Application Form enclosed with this Booklet in accordance with the details on the form together with payment via cheque or bank draft.

If you are a New Zealand shareholder that is unable to pay by BPAY[®] and do not wish to pay by cheque or bank draft, please contact the Registry during the SPP Offer period to discuss alternative electronic funds transfer payment arrangements.

Questions and further information

This Booklet contains important information about the SPP to assist you in deciding whether to participate in the SPP. You should read this Booklet carefully and in its entirety before deciding whether to apply, and in particular, the key risks identified by the Company as set out in Annexure A.

If you have any questions in relation to how to participate in the SPP, please contact the Registry from 7:30 am, to 5:00 pm (AWST) Monday to Friday on 08 9389 8033 (callers within Australia) or +61 8 9389 8033 (callers outside Australia) or consult your financial or other professional adviser.

If you have any questions in relation to whether an investment in ASM through the SPP is appropriate for you, please contact your stockbroker, accountant or other professional adviser.

Thank you for your continued support of ASM.

Yours sincerely



Ian Gandel

Chair, ASM

¹ Registered by BPAY Pty Ltd (ABN 69 079 137 518).

2 Summary of important dates

Event	Date
Record Date (the date that eligibility to participate in the SPP was determined)	5.00pm on Tuesday, 1 November 2022
Opening Date for applications	Thursday, 10 November 2022
Closing Date for applications	5.00pm on Wednesday, 23 November 2022
Results of SPP announced	Monday, 28 November 2022
Issue of SPP Shares	Monday, 28 November 2022
SPP Shares commence trading on ASX	Tuesday, 29 November 2022
Despatch of holding statements	Tuesday, 29 November 2022

This timetable is indicative only and subject to change. Subject to the requirements of the Corporations Act, the Listing Rules and other applicable rules, ASM reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or in particular cases, without notice. All references to times in this Booklet are to AWST.

3 Summary of SPP

You should read this section in conjunction with the terms and conditions of the SPP set out in section 4 of this Booklet.

Key SPP details	Summary
SPP offer	Eligible Shareholders of ASM may subscribe for up to \$30,000 of SPP Shares without brokerage or other transaction costs.
Purpose of the SPP	<p>The proceeds of the SPP will be used for:</p> <ul style="list-style-type: none"> • secure KMP feedstock inventory to support metals production, and in turn assist with near term customer acquisition; • accelerate offtake marketing and strategic partner discussions in relation to funding the Dubbo Project; • commence early works on roads, bridge and rail that are important for site access; and • manage corporate costs, general working capital and costs associated with the Capital Raising.
Voluntary participation	<p>Participation in the SPP is entirely voluntary.</p> <p>Before you decide whether to participate in the SPP, ASM recommends you seek independent financial advice from your stockbroker, accountant or other professional adviser.</p> <p>If you do not wish to participate in the SPP, do nothing.</p>
Issue Price of SPP Shares	<p>The Issue Price of the SPP Shares will be \$1.73 per SPP Share, which is the same price as was paid for each Share by investors in the Placement.</p> <p>The Issue Price represents a:</p> <ul style="list-style-type: none"> • 12.4% to the Company's last closing price of \$1.975 on 28 October 2022; and • 16.4% to the 10-day volume weighted average price of \$2.069 on 28 October 2022. <p>There is a risk that the market price of Shares may rise or fall between the date of this Booklet and the time of issue of SPP Shares under the SPP. This means that the price you pay for the SPP Shares issued to you may be less than or more than the market price of Shares at the date of this Booklet or the time of issue of the SPP Shares.</p> <p>Your application is unconditional and may not be withdrawn even if the market price of Shares is less than the Issue Price.</p>
Eligible Shareholders	Eligible Shareholders are eligible to participate in the SPP, being Shareholders who were registered holders of Shares at 5.00pm

Key SPP details	Summary
	<p>(AWST) on Tuesday, 1 November 2022 with a registered address in either Australia or New Zealand as shown on the Register.</p> <p>The SPP also extends to Eligible Shareholders who are Custodians or nominees to participate in the SPP on behalf of Eligible Beneficiaries on the terms and conditions provided in this Booklet.</p> <p>Notwithstanding the foregoing, Shareholders in the United States are not eligible to participate in the SPP. Similarly, Shareholders who hold Shares on behalf of persons in the United States or are acting for the account or benefit of persons in the United States, are not eligible to participate in the SPP on behalf of those persons.</p>
Not transferable	The SPP offer cannot be transferred.
Investment amount	<p>Eligible Shareholders may apply for SPP Shares in parcels valued at \$1,000, \$2,500, \$5,000, \$7,500, \$10,000, \$12,500, \$15,000, \$20,000, \$25,000 or \$30,000.</p> <p>The number of SPP Shares issued to an applicant will be rounded up to the nearest whole number after dividing the application monies by the Issue Price. Applications may be scaled back at the discretion of ASM.</p>
How to apply	<p>The Company has dispatched hard copies of the Booklet and personalised Application Form to each Eligible Shareholder.</p> <p>An electronic copy of this Booklet, along with information with respect to applying for SPP Shares, is accessible at: https://asm-au.com/investors/share-purchase-plan/</p> <p>If you are unable to access the website, please contact the Registry from 7:30 am to 5:00 pm (AWST) Monday to Friday on 08 9389 8033 (callers within Australia) or +61 8 9389 8033 (callers outside Australia). If you wish to participate in the SPP, you need to do one of the following:</p> <p>Option 1: Apply via BPAY®</p> <p>This is the fastest and easiest way to apply. To apply via BPAY®, you will need to:</p> <ul style="list-style-type: none"> • use the personalised reference number that is required to identify your shareholding as shown on your personalised Application Form that accompanies this Booklet; • be an account holder with an Australian branch of a financial institution; and • ensure that your payment for the appropriate amount is received by the Registry before 5.00pm (AWST) on Wednesday, 23 November 2022. Financial institutions may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

Key SPP details**Summary**

If you are paying via BPAY®, there is no need to return the Application Form but you will be taken to have made the statements and certifications that are set out in the Application Form.

If you are a New Zealand shareholder that is unable to pay by BPAY® and do not wish to pay by cheque or bank draft, please contact the Registry during the SPP Offer period to discuss alternative electronic funds transfer payment arrangements.

Option 2: Pay by cheque or bank draft by applying using your personalised Application Form

Please complete the personalised Application Form that accompanies this Booklet and return it with your cheque or bank draft made payable to “Australian Strategic Materials Limited”, drawn on an Australian branch of a financial institution and crossed “Not Negotiable” in the enclosed reply envelope to:

Mailing address:

Australian Strategic Materials Ltd
C/- Advanced Share Registry
PO Box 1156
Nedlands WA 6909

Or

Hand Delivery:

Advanced Share Registry Ltd
110 Stirling Highway
Nedlands WA 6009

Your completed Application Form and cheque or bank draft for the appropriate amount must be received by the Registry prior to the close of the SPP Offer at **5.00pm (AWST) on Wednesday, 23 November 2022.**

Rights attached to SPP Shares

SPP Shares will rank equally with all other Shares on issue.

Custodians and nominees

The SPP is being extended to Eligible Shareholders who are Custodians or nominees and who wish to apply for SPP Shares on behalf of certain Eligible Beneficiaries.

The SPP is being offered to Custodians and nominees as the registered Shareholder. Custodians and nominees are not required to participate on behalf of their Eligible Beneficiaries. Custodians and nominees may choose whether or not to extend the SPP to their Eligible Beneficiaries.

Notwithstanding the foregoing, Custodians and nominees may not participate in the SPP on behalf of, and may not distribute this Booklet or any documents relating to this SPP to, any person in the United States or elsewhere outside Australia and New Zealand. In the event that a Custodian or nominee is acting for the account or benefit of a

Key SPP details	Summary
	<p>person in the United States or elsewhere outside Australia and New Zealand, it is not permitted to participate in respect of that person.</p> <p>If you wish to apply as a Custodian or nominee under the SPP to receive SPP Shares for one or more Eligible Beneficiaries, you must complete and submit an additional 'Custodian Certificate' that contains further certifications and details (as required under the terms of <i>ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547</i>) before your application will be accepted. Applications by Custodians or nominees that are not accompanied by a duly completed Custodian Certificate will be rejected. By applying as a Custodian on behalf of Eligible Beneficiaries to purchase SPP Shares, you certify (amongst other things) that each Eligible Beneficiary has not exceeded the \$30,000 limit.</p> <p>To request a Custodian Certificate or for further information about the custodian application process, please contact the Registry from 7:30 am to 5:00 pm (AWST) on Monday to Friday on 08 9389 8033 (callers within Australia) or +61 8 9389 8033 (callers outside Australia).</p>
Issue of SPP Shares	<p>SPP Shares will be issued on Monday, 28 November 2022.</p> <p>Holding statements are expected to be despatched on or around Tuesday, 29 November 2022.</p>
Scale back	<p>ASM has absolute discretion to scale back applications depending on demand.</p> <p>In the event of a scale back, the value of SPP Shares allocated to you may be less than the parcel you initially applied for. If this occurs, the difference between the application monies received from you, and the number of SPP Shares allocated to you multiplied by the Issue Price will be refunded to you (without interest).</p> <p>ASM expects to announce the final result of the SPP, including any scale back, on Friday, 28 November 2022.</p>
Refunds	<p>Any application monies refunded by ASM will be paid by cheque or direct credit (the payment method will be determined by ASM in its absolute discretion) in Australian currency. By applying for SPP Shares, each Shareholder authorises ASM to pay any monies to be refunded by using the payment instructions of the Shareholder recorded in the Registry's records if ASM should elect to pay in this manner.</p>
More information	<p>If you have any questions in relation to how to participate in the SPP, please contact the Registry from 7:30 am to 5:00 pm (AWST) on Monday to Friday on 08 9389 8033 (callers within Australia) or +61 8 9389 8033 (callers outside Australia) or consult your financial or other professional adviser.</p>

Key SPP details**Summary**

If you have any questions in relation to whether an investment in ASM through the SPP is appropriate for you, please contact your stockbroker, accountant or other professional adviser.

4 SPP Terms and Conditions

Important notice and disclaimer

This Booklet does not provide financial advice and has been prepared without taking account of any person's investment objectives, financial situation or particular needs. You should consider the appropriateness of participating in the SPP having regard to your investment objectives, financial situation or particular needs. Shareholders should seek independent financial and taxation advice before making any investment decision in relation to these matters.

The offer of SPP Shares under the SPP Offer is made in accordance with *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547*, which grants relief from the requirement for ASM to provide prospectus disclosure in relation to the SPP. This Booklet does not constitute a prospectus or product disclosure statement, and has not been lodged with ASIC. The issue of a prospectus or product disclosure statement is not required for the purpose of the SPP Offer. You must rely on your own knowledge of ASM, previous disclosure made by ASM to ASX and if necessary, consult with your professional adviser when deciding whether or not to participate in the SPP Offer.

If you participate in the SPP, you are accepting the risk that the market price of Shares may change between the Record Date, the date on which you make a payment (by BPAY®, cheque or bank draft) and the Issue Date. This means that, up to and/or after the Issue Date, you may be able to buy Shares on ASX at a lower price than the Issue Price.

Please read these terms and conditions carefully, as you will be bound by them in participating in the SPP. Shareholders accepting the SPP Offer will also be bound by the constitution of ASM.

The previous sections of this Booklet and the Application Form form part of these terms and conditions.

4.1 Offer

- (a) ASM offers each Eligible Shareholder the opportunity to purchase up to \$30,000 worth of SPP Shares under the SPP subject to and in accordance with the terms and conditions set out below, in the previous sections of this Booklet and the Application Form (**SPP Offer**).
- (b) The SPP Offer opens on **Thursday, 10 November 2022** and closes at **5.00pm (AWST)** on **Wednesday, 23 November 2022** (or such other date as ASM determines, in its absolute discretion).
- (c) Participation in the SPP is voluntary. If you choose not to participate in the SPP, your right to participate lapses at the Closing Date, being **5.00pm (AWST)** on

Wednesday, 23 November 2022 (or such other date as ASM determines, in its absolute discretion).

- (d) The SPP Offer is non-transferable and, therefore, Eligible Shareholders cannot transfer their right to purchase SPP Shares to a third party.
- (e) The SPP Offer to each Eligible Shareholder (whether as a Custodian or on its own account) is made on the same terms and conditions.
- (f) All references to \$ or dollars in this Booklet are references to Australian dollars unless otherwise indicated.

4.2 Eligible Shareholders

- (a) You are eligible to participate in the SPP Offer if you:
 - (1) were registered on the Register as a Shareholder at **5.00pm (AWST) on Tuesday, 1 November 2022 (Record Date)**;
 - (2) had a registered address in either Australia or New Zealand at that time as shown on the Register; and
 - (3) are not in the United States and are not acting for the account or benefit of a person in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the SPP in respect of that person).
- (b) The SPP is also extended to Eligible Shareholders who are Custodians or nominees, in accordance with clauses 4.3(b) and 4.4(e) below.
- (c) The SPP Offer is not made to Shareholders with a registered address outside of Australia and New Zealand.

Shareholders in the United States are not eligible to participate in the SPP. Similarly, Shareholders who hold Shares on behalf of persons in the United States, or are acting for the account or benefit of persons in the United States, are not eligible to participate in the SPP on behalf of those persons.

4.3 Joint holders and Custodians and nominees

- (a) If two or more persons are registered on the Register as jointly holding Shares, they are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and a certification given by any of them is taken to be a certification given by all of them.
- (b) Subject to these terms and conditions, Eligible Shareholders who are Custodians or nominees may participate in the SPP on behalf of each Eligible Beneficiary on whose behalf the Custodian or nominee is holding Shares. Due to legal restrictions, Custodians and nominees may not distribute this Booklet to any person in, and may not participate in the SPP on behalf of any beneficial Shareholder in the United States or elsewhere outside Australia and New Zealand. In the event that a Custodian or nominee is acting for the account or benefit of a person in the United States or elsewhere outside Australia and New Zealand, it is not permitted to participate in respect of that person.

4.4 Applications for SPP Shares

- (a) Eligible Shareholders may apply for SPP Shares in parcels valued at \$1,000, \$2,500, \$5,000, \$7,500, \$10,000, \$12,500, \$15,000, \$20,000, \$25,000 or \$30,000.

- (b) No brokerage or other transaction costs will apply to the acquisition of SPP Shares.
- (c) Eligible Shareholders who wish to apply for SPP Shares must:
- (1) make a payment for the appropriate amount via BPAY®; or
 - (2) pay by cheque or bank draft by applying using the personalised Application Form,
- in each case, so that the payment is received prior to **5.00pm (AWST) on Wednesday, 23 November 2022.**
- (d) Eligible Shareholders who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity or in different registered holdings) may apply on different Application Forms for SPP Shares but may not apply for SPP Shares with an aggregate value of more than \$30,000.
- (e) If you wish to subscribe for SPP Shares as a Custodian or nominee for one or more Eligible Beneficiaries, you must also complete and submit an additional Custodian Certificate that contains further certifications and details (required under the terms of *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547*) before your application will be accepted. Applications by Custodians or nominees that are not accompanied by a duly completed Custodian Certificate will be rejected. To request a Custodian Certificate or for further information about the custodian application process, please contact the Registry from 7:30 am to 5:00 pm (AWST) Monday to Friday on 08 9389 8033 (callers within Australia) or +61 8 9389 8033 (callers outside Australia).
- (f) ASM may accept or reject your application for SPP Shares in whole or in part in its discretion including, without limitation, if:
- (1) your application does not comply with these terms and conditions;
 - (2) it appears you are not an Eligible Shareholder;
 - (3) your BPAY® or cheque or bank draft is not received by the Closing Date;
 - (4) it appears that you are applying to purchase more than \$30,000 of SPP Shares in aggregate (including as a result of Shares you hold directly, jointly or through a Custodian or nominee arrangement) or your application is not for an amount of \$1,000, \$2,500, \$5,000, \$7,500, \$10,000, \$12,500, \$15,000, \$20,000, \$25,000 or \$30,000;
 - (5) payment of the application monies is not submitted in Australian currency; or
 - (6) the amount of your BPAY® or cheque or bank draft is not equal to the amount of your application. If this occurs, ASM will:
 - (A) refund in full your application monies and not issue any SPP Shares to you; or
 - (B) issue to you the number of SPP Shares that would have been issued had you applied for the highest designated amount that is less than the amount of your payment and refund to you the excess of your application monies (without interest).
- (g) If you are entitled to a refund of all or any of your application monies, the refund will be paid to you, without interest, as soon as is practicable by direct credit to

your nominated account (as recorded on the Register) or cheque to your registered address (as recorded on the Register) (the payment method will be determined by ASM in its absolute discretion).

4.5 Issue Price

- (a) The Issue Price per SPP Share is \$1.73, which is the same price as was paid for each Share by investors in the Placement. The Issue Price represents a discount of:
 - (1) 12.4% to the Company's last closing price of \$1.975 on 28 October 2022; and
 - (2) 16.4% to the 10-day volume weighted average price of \$2.069 on 28 October 2022.
- (b) The current price of shares in ASM can be obtained from ASX and is listed in the financial and business section of major daily newspapers circulating in Australia.
- (c) You agree to pay the Issue Price per SPP Share for the number of SPP Shares calculated under clause 4.6(a) or, if there is a scale back, the number of SPP Shares calculated under clause 4.10.

4.6 Number of SPP Shares to be issued

- (a) If you apply for SPP Shares, you will apply for a certain value, rather than a certain number, of SPP Shares. If your application is accepted, ASM will divide the value of your application monies by the Issue Price (as determined under clause 4.5(a)) in order to determine the number of SPP Shares which, subject to scale back, will be issued to you.
- (b) If this calculation produces a fractional number, the number of SPP Shares issued will be rounded up to the nearest whole SPP Share.

4.7 Issue of SPP Shares

- (a) SPP Shares will be issued on the Issue Date.
- (b) SPP Shares will rank equally with existing Shares as at the Issue Date.
- (c) ASM will apply to ASX for the quotation of SPP Shares. It is anticipated that SPP Shares will be quoted on ASX the next trading day after their issue.
- (d) The Registry will send you a holding statement, confirming the issue of SPP Shares, on or around **Tuesday, 29 November 2022**.

4.8 Shareholders outside Australia and New Zealand

- (a) The laws of some countries prohibit or make impracticable participation in the SPP by certain overseas Shareholders. Shareholders who are not resident in Australia or New Zealand will not be able to participate in the SPP. The SPP does not constitute an offer of Shares for sale or issue in any other jurisdiction.
- (b) The SPP Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of the SPP Shares is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

- (c) This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.
- (d) Shareholders in the United States are not eligible to participate in the SPP. Similarly, Shareholders (including Custodians and nominees) who hold Shares on behalf of persons in the United States or elsewhere outside Australia and New Zealand, or are acting for the account or benefit of such persons, are not eligible to participate in the SPP on behalf of those persons.

4.9 Acknowledgements

By making a payment via BPAY®, cheque or bank draft, you:

- (a) are deemed to have accepted the SPP Offer and you irrevocably and unconditionally agree to the terms and conditions of the SPP and the terms and conditions of the Application Form and agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the SPP;
- (b) warrant that all details and statements in your application are true and complete and not misleading;
- (c) agree that your application will be irrevocable and unconditional (that is, it cannot be withdrawn);
- (d) warrant that you are an Eligible Shareholder and are eligible to participate in the SPP;
- (e) acknowledge that no interest will be paid on any application monies held pending the issue of SPP Shares or subsequently refunded to you for any reason;
- (f) acknowledge that ASM and its officers and agents, are, to the maximum extent permitted by law, not liable for any consequences of the exercise or non-exercise of its discretions referred to in these terms and conditions;
- (g) agree to pay the Issue Price per SPP Share up to the maximum of:
 - (1) the value you have selected on the Application Form; or
 - (2) the maximum value of your payment;
- (h) acknowledge and agree that:
 - (1) you are not in the United States and are not acting for the account or benefit of a person in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the SPP in respect of that person);
 - (2) the SPP Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and accordingly, the SPP Shares may not be offered or sold, directly or indirectly in the United States;
 - (3) you have not, and will not, send this Booklet or any materials relating to the SPP to any person outside of Australia or New Zealand, including in the United States;
 - (4) if in the future you decide to sell or otherwise transfer the SPP Shares, you will only do so in the regular way for transactions on ASX where neither you nor any person acting on your behalf know, or have

reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and

- (5) if you are acting as a trustee, nominee or Custodian, each beneficial holder on whose behalf you are participating is resident in Australia or New Zealand (and is not in the United States and is not acting for the account or benefit of a person in the United States), and you have not sent this Booklet, or any materials relating to the SPP to any person outside Australia and New Zealand (including, without limitation, to any person in the United States or to any person acting for the account or benefit of a person in the United States);
- (i) if you are applying on your own behalf (and not as a Custodian or nominee), certify that:
- (1) you are not applying for SPP Shares with an application price of more than \$30,000 under the SPP (including by instructing a Custodian or nominee to acquire SPP Shares on your behalf under the SPP); and
- (2) the total of the application price for the following does not exceed \$30,000:
- (A) the SPP Shares the subject of the application;
- (B) any other Shares issued to you under the SPP or any similar arrangement in the 12 months before the application;
- (C) any other SPP Shares which you have instructed a Custodian or nominee to acquire on your behalf under the SPP; and
- (D) any other Shares issued to a Custodian or nominee in the 12 months before the application as a result of an instruction given by you to the Custodian or nominee to apply for Shares on your behalf under an arrangement similar to the SPP;
- (j) if you are a Custodian or nominee and are applying on behalf of an Eligible Beneficiary on whose behalf you hold Shares, certify that:
- (1) you are a Custodian (as that term is defined in *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547*) or a nominee;
- (2) you held Shares on behalf of the Eligible Beneficiary as at the Record Date who has instructed you to apply for SPP Shares on their behalf under the SPP and that that Eligible Beneficiary has been given a copy of this Booklet;
- (3) you are not applying for SPP Shares on behalf of any Eligible Beneficiary with an application price of more than \$30,000 under the SPP; and
- (4) the information in the Custodian Certificate submitted with your Application Form is true, correct and not misleading;
- (k) accept the risk associated with any refund that may be dispatched to you by direct credit or cheque to your address shown on the Register;
- (l) are responsible for any dishonour fees or other costs ASM may incur in presenting a cheque for payment that is dishonoured;
- (m) agree to be bound by the constitution of ASM;

- (n) acknowledge that none of ASM, its advisers or agents, has provided you with any financial product or investment advice or taxation advice in relation to the SPP, or has any obligation to provide such advice;
- (o) acknowledge that this Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in ASM and is given in the context of ASM's past and ongoing continuous disclosure announcements to the ASX;
- (p) acknowledge that none of ASM or its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantees the performance of ASM;
- (q) you authorise ASM, and its officers and agents, to do anything on your behalf necessary for SPP Shares to be issued to you in accordance with these terms and conditions;
- (r) you acknowledge that ASM may at any time irrevocably determine that your application is valid, in accordance with the terms and conditions of the SPP, even if the Application Form is incomplete, contains errors or is otherwise defective; and
- (s) you authorise ASM, and its officers and agents, to correct minor or easily rectified errors in, or omissions from, your Application Form and to complete the Application Form by the insertion of any missing minor detail.

4.10 Scale back

- (a) ASM may in its absolute discretion allocate to you less SPP Shares than the value of the parcel you have applied for. ASM may in its absolute discretion determine to apply any scale-back to the extent and in the manner it sees fit.
- (b) If there is a scale back, you may receive less than the parcel of SPP Shares for which you apply.
- (c) If a scale back produces a fractional number of SPP Shares when applied to your parcel, the number of SPP Shares you will be issued will be rounded up to the nearest whole number of SPP Shares.
- (d) If there is a scale back, the difference between the application monies received from you, and the number of SPP Shares allocated to you multiplied by the Issue Price will be refunded to you (without interest).

4.11 Dispute resolution

- (a) ASM may settle, in any manner it deems appropriate, any difficulties, anomalies, or disputes which may arise in connection with, or by reason of, the operation of the SPP whether generally or in relation to any participant or any application for SPP Shares, and its decision will be conclusive and binding on all participants and other persons to whom the determination relates.
- (b) The powers of ASM under these terms and conditions may be exercised by the Directors or any delegate or representative of the Directors.

4.12 Variation and termination

- (a) ASM reserves the right at any time to:
 - (1) amend or vary these terms and conditions;

- (2) waive strict compliance with any provision of these terms and conditions;
 - (3) withdraw the SPP Offer or suspend or terminate the SPP;
 - (4) vary the timetable for the SPP, including the Closing Date; and
 - (5) not accept an application, not issue SPP Shares or issue SPP Shares to a value less than that applied for under the SPP by an Eligible Shareholder (including a Custodian or nominee applying on behalf of its Eligible Beneficiaries).
- (b) In the event that the SPP is withdrawn or terminated, all application monies will be refunded. No interest will be paid on any money returned.

4.13 Privacy policy

- (a) Chapter 2C of the Corporations Act requires information about a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. This information must continue to be included in the public register if you cease to be a shareholder.
- (b) ASM and the Registry may collect personal information to process your application, implement the SPP and administer your holding of Shares. The personal information contained in the Register is also used to facilitate payments and corporate communications (including financial results), annual reports and other information to be communicated to Shareholders, and to ensure compliance with legal and regulatory requirements, including Australian taxation laws and the Corporations Act.
- (c) Your personal information may be disclosed to joint investors, the Registry, securities brokers, third party service providers (including print and mail service providers, technology providers and professional advisers), related entities of ASM and its agents and contractors, and ASX and other regulatory authorities, and in any case, where disclosure is required or allowed by law (which may include disclosures to the Australian Taxation Office and other government or regulatory bodies or where you have consented to the disclosure). In some cases, the types of organisations referred to above to whom your personal information may be disclosed may be located overseas.
- (d) A copy of ASM's privacy statement, which describes how we manage your personal information, is available at: <https://asm-au.com/privacy/>.

4.14 Underwriting

The SPP is not underwritten.

4.15 Governing law

These terms and conditions are governed by the laws in force in Western Australia. Any dispute arising out of, or in connection with, these terms and conditions, or the SPP Offer, will be determined by the courts of Western Australia. By accepting the SPP Offer, you agree to submit to the exclusive jurisdiction of the courts in Western Australia.

5 Glossary

The following definitions apply throughout this Booklet unless the context requires otherwise.

Term	Meaning
\$	Australian dollars.
Application Form	your personalised application form enclosed with this Booklet.
ASIC	Australian Securities and Investments Commission.
ASM	Australian Strategic Materials Limited (ACN 168 368 401).
ASX	ASX Limited (ACN 008 624 691), or the market operated by it, as the context requires.
AWST	Australian Western Standard Time.
Beneficiary	a person on whose behalf a Custodian or nominee is holding Shares at 5.00pm (AWST) on the Record Date.
Capital Raising	the combination of the Placement and SPP.
Closing Date	5.00pm (AWST) on 23 November 2022 (or such other date as ASM determines, in its absolute discretion).
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Custodian	a custodian as defined in paragraph 4 of <i>ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547</i> .
Custodian Certificate	a certificate complying with paragraph 8(3) of <i>ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547</i> .
Directors	the directors of ASM.

Term	Meaning
Eligible Beneficiary	a Beneficiary with a registered address in either Australia or New Zealand, provided that such Beneficiary is not in the United States or acting for the account or benefit of a person in the United States.
Eligible Shareholder	a Shareholder who is a registered holder of Shares at 5.00pm (AWST) on the Record Date with a registered address in either Australia or New Zealand as shown on the Register.
Issue Date	28 November 2022 (or such other date as ASM determines, in its absolute discretion).
Issue Price	the price per SPP Share as determined under clause 4.5 of the terms and conditions set out in this Booklet.
KMP	the Company's Korean Metals Plant.
Listing Rules	ASX Listing Rules.
Placement	the placement of Shares to institutional investors, announced to ASX on 2 November 2022 .
Record Date	5.00pm (AWST) on 1 November 2022 .
Register	the register of Shareholders.
Registry	Advanced Share Registry Services 110 Stirling Hwy Nedlands WA 6009
Share	a fully paid ordinary share in ASM.
Shareholder	a registered holder of a Share.
SPP	the Share Purchase Plan offer made to Eligible Shareholders under the terms of this Booklet.

Term	Meaning
SPP Offer	the offer in clause 4.1 of the terms and conditions set out in this Booklet.
U.S. Securities Act	the U.S. Securities Act of 1933, as amended.
VWAP	volume weighted average price.

Annexure A - Key Risks

This section discusses some of the key risks associated with any investment in ASM together with risks relating to participation in the SPP Offer which may affect the future operating and financial performance of ASM and the value of Shares. The risks set out below do not constitute an exhaustive list of all risks involved with an investment in ASM.

ASM seeks to reduce risk to its business through appropriate risk mitigants, however, if any of the following risks materialise, business, financial condition and operating results are likely to be adversely impacted.

Before further investing in ASM, you should carefully consider whether this investment is suitable for you, having regard to your own investment objectives and financial circumstances and taking into consideration the key risk factors, as set out below. Eligible Shareholders should consider publicly available information on ASM (such as that available on the ASX website), examine the full content of this presentation and consider consulting a stockbroker, legal advisor, accountant or other professional advisors before making an investment decision.

RAISING RISKS

SPP not underwritten

The SPP will not be underwritten and therefore it remains uncertain how much money will be raised under the SPP. As such, there is no guarantee that any additional amount will be raised under the SPP. If the proceeds from the SPP are less than is required to meet the Company's proposed use of funds, the Company may review its proposed use of funds (including whether to scale back or defer investment) as well as consider alternative funding options.

Shareholder approval risk

Abbotsleigh Pty Ltd (ACN 010 162 286) and Ian Gandel's participation in the Placement is subject to shareholder approval being obtained in accordance with ASX Listing Rule 10.11 at the annual general meeting of ASM (**AGM**). The AGM is scheduled to be held on Monday, 28 November 2022. If shareholder approval for Abbotsleigh Pty Ltd and Mr. Gandel's participation in the Placement is not received at the AGM, ASM will not be able to receive Abbotsleigh Pty Ltd and Mr. Gandel's subscription amount under the Placement.

Dilution

Existing shareholders who do not participate in the SPP Offer will have their percentage security holding in the Company diluted. Depending on the size of a shareholder's existing holding, a participating Eligible Shareholder may still be diluted even though they participate in the SPP Offer, depending on the number of Shares allocated to them.

COMPANY SPECIFIC RISKS

COVID-19

The impact of COVID-19 to date has included periods of significant volatility in financial, commodities and other markets. This volatility, if it continues, could have an adverse impact on the Company's people, suppliers, business, financial condition and production and exploration activities.

The Company has implemented measures across its business with the intent of minimising the risk of infection for individuals and the impact of COVID-19 on the Company's business including: site specific COVID Management Plans have been implemented which include where appropriate working from home where practicable, shift rotations, temperature and health screenings and increased cleaning. The Company

closely monitors and reviews management plans against guidance from federal and state governments. However, there is no guarantee that the Company's efforts to address the adverse impacts of COVID-19 will be effective.

There is a risk that if the duration of events surrounding COVID-19 are prolonged, the Company may need to take additional measures in order to respond appropriately (for example, restructuring to reduce further costs from its business and raising additional funding).

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of the Company and may be exacerbated in an economic recession or downturn. These include but are not limited to (i) changes in inflation, interest rates and foreign currency exchange rates; (ii) changes in employment levels and labour costs; (iii) changes in aggregate investment and economic output; and (iv) other changes in economic condition which may affect the revenue or costs of the Company.

Reliance on key personnel

ASM is a development company and will be dependent on its directors, managers and consultants to implement its business strategy. A number of factors, including the departure of senior management of ASM or a failure to attract or retain suitably qualified key employees, could adversely affect ASM's business strategy.

Development of Dubbo Project and commercialisation of Korean Metals Plant

The Company's ability to successfully develop and commercialise the Dubbo Project, may be affected by numerous factors including but not limited to: macro-economic conditions, obtaining required approvals, ability to obtain sufficient funding, and costs overruns.

The Company's ability to successfully commercialise the Korean Metals Plant may be affected by numerous factors including but not limited to: its ability to secure raw materials and customer offtakes, delays in commissioning or ramp up, the plant not performing in accordance with expectations and costs overruns.

If the Company is unable to mitigate these factors and others not listed here, this could result in the Company not realising its development plans at the Dubbo Project and/or being unable to commercialise the Korean Metals Plant (or realise its full potential) or in the case of the Dubbo Project result in such plans costing more than expected or taking longer to realise than expected. Ultimately, this could have an adverse impact on the Share price.

Title

Currently, ASM wholly owns all mining tenements required to operate and develop the Dubbo Project. Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground

Tenure, Native Title, Aboriginal Heritage and Land Claims Risks

Interests in exploration and mining tenements in Australia are governed by state legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently, ASM could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met.

It is possible that, in relation to tenements in which ASM has an interest or may acquire such an interest, there may be areas over which legitimate native title rights exist or which are subject to native title claims made under the *Native Title Act 1993* (Cth) or Aboriginal land claims made under the *Aboriginal Land Rights Act 1983* (NSW). In such circumstances, the ability of ASM to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

Further, it is possible that there will exist on ASM's mining tenements, areas containing sacred sites or sites of significance to Aboriginal people in accordance with their tradition that are protected under the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth). As a result, land within the tenements may be subject to restrictions on exploration, mining or other uses and/or significant approval hurdles may apply

Mineral Resource and Ore Reserve Estimates

Mineral Resource and Ore Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, Mineral Resource and Ore Reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the Mineral Resource and Ore Reserve estimates may change.

Accordingly, the actual resources and reserves may materially differ from these estimates and assumptions and no assurances can be given that the Mineral Resource and Ore Reserve estimates and the underlying assumptions will be realised. This could result in alterations to development and mining/extraction plans which may in turn affect ASM's operations and ultimately ASM's financial performance and the value of Shares.

Exploration risks

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. ASM's exploration activities will also be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during exploration and development are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Commodity prices

ASM's future prospects and the Share price will be influenced by the prices obtained for the commodities produced and targeted in ASM's development and exploration programs. Commodity prices fluctuate and are impacted by factors including the relationship between global supply and demand for minerals, forward selling by producers, costs of production, geopolitical factors (including trade tensions), hostilities and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand factors. These factors may have an adverse effect on ASM's production and exploration activities and any subsequent development and production activities, as well as its ability to fund its future activities. Further, rare earth products are not exchange traded commodities.

ASM will require contracts for sale of these mineral commodities. There is no guarantee the Company will secure contracts on terms favourable to the Company. Rare earth product prices will depend on available markets at acceptable prices and distribution and other costs. The market prices for rare earth products have been volatile and are influenced by numerous factors and events beyond the control of the Company. For example, if industries reduce their demand for end-products that utilise rare earth

products, the resulting change in demand for rare earth products could have an adverse effect on the Company's business.

Competition

ASM's ability to enter into contracts for the supply of products at profitable prices may be adversely affected by the introduction of new suppliers and any increase in competition in the global critical materials market, either of which could increase the global supply of these products and thereby potentially lower the prices.

Supply chain and counterparty risk

The development and commercialisation of the Dubbo Project will involve a complex supply chain. The Company will depend on suppliers of raw materials, services, equipment and infrastructure to develop the project, and on providers of logistics to ensure products are delivered. Failure of significant components of this supply chain due to strategic factors such as business failure or serious operational factors could have an adverse effect on the Company's business and results of operations.

The ability of the Company to develop and commercialise the Dubbo Project and to commercialise the Korean Metals Plant will also depend on the performance of the counterparties under the various agreements it has entered into or will enter into. If any counterparty does not perform its obligations to an acceptable standard under the respective agreement, this may have a material adverse effect on the Company's operations, financial condition and prospects.

Legislative changes, government policy and approvals

Changes in government, monetary policies, taxation and other laws in Australia, Korea or internationally may impact the Company's operations and the value of the Shares. The Company requires government regulatory approvals for its operations. As at the date of this Presentation, the Company has received all major state and federal approvals and licences required for execution of the Dubbo Project.

However, the impact of actions, including delays and inactions, by state and federal governments may affect the Company's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken.

No guarantee can be given that all necessary permits, authorisations, agreements or licences currently granted to ASM will be renewed as required or that where further permits, authorisations, agreements or licences are required, that they will be provided to the Company by government bodies.

Taxation

In all places where ASM has operations, in addition to the normal level of income tax imposed on all industries, ASM may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.

Future funding requirements

ASM's activities will require substantial expenditure going forward, particularly with respect to the construction of the Dubbo Project. Expenditure needs for the development of the Dubbo Project and commercialisation of the Korean Metals Plant, working capital and future debt repayment will not be satisfied by the Placement and the SPP Offer alone.

No decision has been made in relation to the funding of the Dubbo Project, but any additional equity financing that may be required may be undertaken at lower prices than

the current market price (or Issue Price) or may involve restrictive covenants which limit the Company's operations and business strategy. Further, any debt financing may involve restrictions on financing and operating activities.

Although the Company believes that additional funding can be obtained, no assurances can be made that appropriate funding will be available on terms favourable to the Company or at all. If ASM is unable to obtain additional financing as required, it may be required to scale back its development program. In addition, ASM's ability to continue as a going concern may be diminished.

The Company's 2022 **Annual Report** was released to the ASX on 24 October 2022. The 2022 Annual Report contains the Company's (**Financial Report**) which contains going concern disclosures including a material uncertainty related to the Company's ability to continue as a going concern. A similar note is also included the Company's 31 December 2021 half-yearly financials released to ASX on 11 March 2022 (**Half-Yearly Report**).

Notwithstanding the material uncertainty related to 'going concern' included in the Financial Report and Half-Yearly Report, the Directors are satisfied that there are reasonable grounds to believe that the Company will be able to continue to meet its debts as and when they fall due. However, there is no guarantee that ASM will be able to secure any additional funding or be able to secure funding on terms favourable to ASM. Such circumstances would adversely affect ASM and its activities.

Economic factors

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters.

A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position. The Company's future possible revenues and share price can be affected by these factors, which are beyond the control of the Company.

Foreign exchange

Foreign exchange rates fluctuate over time. Fluctuating exchange rates have a direct effect on ASM operating costs and cash flows expressed in Australian dollars.

Occupational health and safety

Exploration and production activities may expose ASM's staff and contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Company's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Company's business and reputation.

Environment

ASM's projects are subject to the environmental laws and regulations of Australia and Korea (including statutory rehabilitation obligations that the Company will need to comply with in the future and which may be material). While ASM proposes to comply with applicable laws and regulations and conduct its programs in a responsible manner with regard to the environment, there is the risk that ASM may incur liability for any breaches of these laws and regulations.

The Company is also unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's business, financial condition and performance.

Climate change

The impacts of climate change may affect the Company's operations and the markets in which the Company may sell its products through regulatory changes aimed at reducing the impact of, or addressing climate change, including reducing or limiting carbon emissions, technological advances and other market or economic responses (including increased capital and operating costs, including increased costs of inputs and raw materials).

Climate change may also result in more extreme weather events and physical impacts on the Company due to the energy intensive nature of the Company's proposed operations, and the Company's reliance on either fossil fuels or favourable weather events for generating energy for its proposed mining and processing activities.

Insurance

The Company's business is subject to a number of risks and the materialisation of any of these risks could result in damage to property, personal injury or death, environmental damage, delays in development, monetary losses and possible legal liability (including for indirect or consequential losses suffered by third parties). The Company intends to limit its exposure to such risks by contractually limiting its liability and insuring its business activities and operations in accordance with industry practice.

However, in certain circumstances, the Company's insurance may not be available or of a nature or level to provide adequate insurance to cover all liability. The occurrence of an event that is not covered or fully covered by insurance may cause substantial delays to the Dubbo Project and/or require significant capital outlays, which could have a material adverse effect on the business, financial condition and results of the Company. In addition, there is a risk that an insurer defaults in the payment of a legitimate claim by the Company.

Further, any increase in the cost of insurance policies; any change in the availability of insurance policies or in the terms, conditions or exclusions on which those policies are offered or renewed; or any inability to claim, or recover against the Company's insurance policies, including as a result of the current uncertain macroeconomic environment, could have a material adverse effect on the Company's business, financial condition and results of the Company.

Political risk and instability

ASM's main project is the Dubbo Project located in Australia. ASM also operates in South Korea through its investment in the Korean Metals Plant located in Ochang. ASM is subject to the risk that it may not be able to carry out its activities as it intends, including because of a change in government, legislation, regulation or policy.

International conflicts risk

The current evolving conflict between Russia and Ukraine (**Russia-Ukraine Conflict**) is having a material effect on the global economy. These hostilities have created uncertainty for capital markets around the world, and this uncertainty may lead to adverse consequences for the Company's business operations. Further, various governments and industries have taken measures and imposed sanctions in response to the Russia-Ukraine Conflict (such as changes to import/export restrictions and other economic

sanctions). Whilst ASM does not have a relationship with any party domiciled in Russia, such measures and sanctions may cause disruptions to the Company's supply chains and adversely impact commodity prices. Such events may affect the financial performance of ASM. Given the Russia-Ukraine Conflict is continually evolving, the consequences are inherently uncertain. Further, there is no certainty that similar conflicts which impact global markets will not arise in the future.

Litigation risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

Force Majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, pandemics (i.e. COVID-19), explosions or other catastrophes, epidemics or quarantine restrictions.

Other risks

ASM considers that the following could provide material catalysts for ASM's share price traded on the ASX: the execution of offtake contracts for key products from the Dubbo Project; the progression of the process towards the procurement of significant debt financing, and/or; the successful commissioning of the South Korea Metals Plant.

Other key risks are detailed in section 14 of the Dubbo Project Summary (ASX Announcement 'Dubbo Project Optimisation Delivers Strong Financials', dated 7 December 2021).

Unknown risks

Additional risks and uncertainties not currently known to the Company may also have a material adverse effect on the Company's financial and operational performance. The information set out in this document regarding the key operational and investment risks does not purport to be, nor should it be considered as representing, an exhaustive list of the risks faced by the Company.

OFFER & GENERAL RISKS

Speculative investment

The Shares to be issued pursuant to the SPP Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares. Eligible Shareholders should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for shares pursuant to the SPP Offer.

Stock market conditions

As with all stock market investments, there are risks associated with an investment in the Company. Share prices, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend

imputation in Australia, and changes in exchange rates. These factors may materially affect the market price of the securities regardless of the Company's performance. The past performance of the Company is not necessarily an indication as to future performance of the Company as the trading price of Shares can go up or down. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Liquidity

There may be relatively few buyers or sellers of Shares on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which Shareholders hold their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the value attributed to them under the SPP Offer.

Share market

On completion of the SPP Offer, the Shares may trade on ASX at higher or lower prices than the Issue Price. Investors who decide to sell their Shares after participating in the SPP Offer may not receive the amount of their original investment.

There can be no guarantee that the price of Shares will increase after they are issued. The price at which the Shares trade on ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control. These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.