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ANNUAL REPORT 2025

Australian Strategic Materials Ltd | ACN 168 368 401

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Corporate Directory

ACN: 168 368 401

Directors:

Ian J Gandel (Non-Executive Chair)
Rowena J Smith (Managing Director & CEO)
Gavin M Smith (Non-Executive Director)
Kerry J Gleeson (Non-Executive Director)
Dominic J Heaton (Non-Executive Director)

Company Secretary:

Annaliese Eames

Registered Office and Principal Place of Business:

Level 4, 66 Kings Park Road
West Perth WA 6005
Telephone: +61 8 9200 1681

Share Registry:

Automic Group Registry Services
Level 5, 126 Phillip Street
Sydney, NSW 2000
PO Box 5193, Sydney, NSW 2001
Tel: 1300 288 664 (within Australia)
Tel: +61 2 9698 5414 (outside Australia)
Email: hello@automicgroup.com.au

Auditor:

PricewaterhouseCoopers
Brookfield Place, Level 15
125 St Georges Terrace, Perth WA 6000

Website:

asm-au.com

Security Exchange Listing:

Australian Strategic Materials Limited shares and options are listed on the Australian Securities Exchange (ASX codes: ASM (shares), ASMO (options))
Admitted to the Official List of ASX on 29 July 2020

Front cover image: Furnace operation at ASM's Korean Metals Plant.

Disclaimer

Competent Persons

The Mineral Resources and Ore Reserves Statement has been approved by Mr D Ian Chalmers, FAusIMM, FAIG, a technical advisor to the Company. Mr Chalmers has provided his prior written consent to the inclusion in this report of the Mineral Resources and Ore Reserves Statement in the form and context in which it appears.

The information in this report is based on information which has been compiled by Mr Stuart Hutchin, MIAG, an employee of Mining One Pty Ltd. The information in this report is based on information which has been compiled by Mr Levan Ludjio MAusIMM(CP), an employee of Mining One Pty Ltd.

Each of Mr Chalmers, Mr Hutchin and Mr Ludjio has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code).

Previously reported information

Information prepared and disclosed under the JORC Code has not materially changed since last reported in Company's ASX announcements available to view on the Company's website. The Company is not aware of any new information or data that materially affects the information included in this Annual Report and confirms that the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Forward-looking statements

This document 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 Annual Report are based on assumptions and contingencies that are subject to change without notice. There can be no assurance that actual outcomes will not differ materiality 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 Annual 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 Annual 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 Annual Report.

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Acknowledgement of Country

In the spirit of reconciliation, Australian Strategic Materials acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea, and community.

We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Specifically, we acknowledge the Traditional Custodians in the areas where we have our offices and operations:

- The Wilay Wiradjuri people – Dubbo and Toongi
- The Nyoongar Whadjuk people – Perth
- The Turrbal and Jagera/Yuggera people – Brisbane

FY25 SNAPSHOT

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OPERATIONS

Product validation success

ASM confirms a number of successful metal and alloy product validation processes and executes several binding sales purchases with a growing international customer base.

See page 25 for more details



OPERATIONS

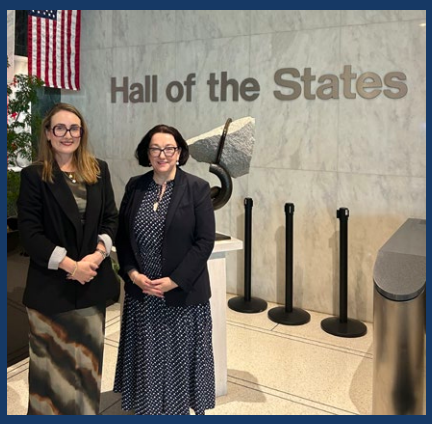
Delivering heavy rare earth production

ASM's heavy rare earth metallisation program progressed positively during the year, resulting in the first commercial sale of terbium (Tb) and dysprosium (Dy) in July 2025.

See page 27 for more details

OPERATIONS

Exploring US expansion





Whitepaper submitted to the US Department of Defense for funding to support development of a potential US metals plant – replicating ASM's established capability in South Korea.

See page 29 for more details

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FUNDING

Government backing

ASM receives a $5 million grant via the Federal Government's International Partnerships in Critical Minerals fund to support the Rare Earth Options Assessment (REOA) at the Dubbo Project.

See page 21 for more details

OPERATIONS

Fast-tracking rare earth production

ASM's Rare Earth Options Assessment delivers encouraging recoveries via heap leach metallurgical testwork at the Dubbo Project.

See page 15 for more details

FUNDING

SPP and Placement launch

ASM launches a combined Share Purchase Plan (SPP) and institutional placement to support key strategic objectives through FY26, including KMP ramp-up, US expansion opportunities, and Dubbo Project heap leach program.

See page 68 for more details

FUNDING

Ongoing ECA support

Export Development Canada (EDC), the official export credit agency of Canada, extends ASM's non-binding and conditional Letter of Interest of A$400 million. The EDC support is complementary to US$600 million from US EXIM and A$200 million by Export Finance Australia.

See page 19 for more details

> A $1.5B

FUNDING

Improving our capital position

ASM successfully refinances existing loan facilities in Korea with the Korean Development Bank and Hana Bank. The refinancing provides financial flexibility for ASM to continue to focus on improving technical capability and ramp-up activities for the KMP.

See page 69 for more details

SUSTAINABILITY

Improved ESG risk rating

SUSTAINALYTICS
a Morningstar company

ASM reports a continued improvement in its independent ESG Risk Rating from Morningstar Sustainalytics, achieving a score of 25.6 Medium Risk rating in 2025 and putting it in the top 8% of global companies in the Diversified Metals & Mining subindustry group.

See page 53 for more details

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Message from the Chair



Dear Shareholders,

On behalf of the Board of Australian Strategic Materials Ltd (ASM), I am pleased to present our Annual Report for Financial Year 2025 (FY25).

The past 12 months have been defined by an accelerating shift in geopolitical dynamics, with critical minerals and rare earths moving decisively to the centre of national security considerations across major economies. This rapidly evolving and uncertain environment has strengthened the strategic case for the development of alternative supply chains, and positions ASM as an increasingly vital player in the transition toward secure, sustainable critical material production.

A strengthening geopolitical imperative

With the confirmation of the second Trump administration in the US, the international political landscape evolved dramatically during FY25. With a clear economic policy, President Trump has driven unprecedented momentum for critical mineral supply chain diversification – and specifically that of rare earths. The Executive Order on 'Immediate Measures to Increase American Mineral Production' executed in March signalled the urgency with which the administration is seeking to diversify from the existing concentrated supply, and its commitment to domestic capability building.

The current concentration of rare earth supply sits firmly with China, having built a leading position from mining through to permanent magnet production – and every stage in between. China has a strategic interest in maintaining its dominant position, and its deployment of export restrictions on rare earth technology and heavy rare earth products has created supply chain vulnerabilities that governments and industry can no longer ignore.

As a global resources powerhouse with an incredibly rich endowment of rare earths and critical minerals, Australia has been front and centre of these international developments. The Australian Government has developed meaningful policy support, including the Critical Minerals Production Tax Incentives and plans to establish a national Critical Minerals Strategic Reserve. As a tier one jurisdiction with incredible projects, technology and know-how, it is only right that Australia's rare earth assets and world class and mining and processing capabilities are vying to deliver much needed global supply chain diversity.

ASM's strategic advantage

Against this backdrop, ASM remains uniquely positioned to capitalise on the growing global demand for rare earth alloys, metals and oxides.

What truly differentiates ASM in the current environment is our vertically integrated strategy – going from mine through to metals. Our Korean Metals Plant (KMP), opened in 2022, is producing a range of light and heavy rare earth metals and alloys, addressing the increasing demand from manufacturers seeking alternatives to traditional supply sources. Outside of China, this metallisation capability is in short supply and ASM is one of very few companies globally able to boast having mastered this challenging technology. We are operating at commercial-scale production of neodymium-praseodymium metal (NdPr) and neodymium iron boron alloy (NdFeB) and the recent success in producing heavy rare earth metals – terbium (Tb) and dysprosium (Dy) – is further demonstration of our exclusive and growing technical knowledge and expertise.

The increasing volume of customer enquiries that we have witnessed since the heavy rare earth export restrictions were implemented by China reflects the market's recognition that ASM provides both immediate capability and long-term security. As supply chain security becomes increasingly central to national economic policy, ASM's role as a trusted supplier to allied nations continues to strengthen.

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The importance of allied cooperation and partnerships cannot be overstated – our strategy is driven by cross-jurisdiction collaboration. As the team explores opportunities to expand our established metallisation capability into the United States, policy alignment, partnerships, and knowledge sharing are all key to successfully starting up this alternative supply chain.

Delivering Dubbo

To maintain the integrity of an alternative source of rare earth metals and alloys it is imperative that there is also transparency and rigour in the upstream.

Our Dubbo Project in New South Wales is one of the most advanced rare earth and critical minerals projects in the country, if not the world, and we have continued to progress development during the year. Notably, the team made excellent strides in identifying an accelerated pathway to rare earth production via the Rare Earth Options Assessment (REOA). From the REOA, we were able to release the Heap Leach Scoping Study, which delivers a reduced capital, phased development approach for the Dubbo Project. A first phase of development would focus on rare earth production – the highest value and most in-demand segment of the Dubbo resource. This approach offers a more agile and targeted production entry point, aligning with current market priorities and offering the potential to be producing rare earth oxides before 2030.

The REOA has been part funded via a A$5 million grant from the Australian Government's International Partnerships in Critical Minerals fund. This government backing, combined with our ongoing partnership with ANSTO (Australia's Nuclear, Science and Technology Organisation), continues to demonstrate the national significance and strategic importance of the Dubbo Project as we develop sovereign separation and refining capability.

Management performance

The progress ASM has achieved in this complex environment reflects the strength of our management team. Under the guidance of Managing Director and CEO Rowena Smith, ASM has navigated challenging market conditions whilst advancing our technical capabilities, growing commercial relationships, enhancing government engagement and strengthening our shareholder base. The team's ability to execute on multiple fronts – from operational performance in Korea to project advancement at Dubbo – demonstrates the depth and quality of our team.

This performance has been achieved whilst maintaining our commitment to the highest standards of environmental, social, and governance (ESG) practices. Our improved ESG Risk Rating from Morningstar Sustainalytics reflects the comprehensive approach we have taken to responsible development. I applaud these efforts and note it is yet another attribute that sets ASM apart from its domestic and international peers.

Looking Forward

As we move toward 2026, the strategic importance of ASM's opportunity continues to intensify. The transition to clean energy technologies, advanced robotics, and the growing recognition that rare earths are strategic commodities that support national security, all point toward sustained demand for the capability we have built and continue to develop.

ASM's mine to metals strategy is building critical infrastructure for Western economic security. Our shareholders are invested in an enterprise that sits at the intersection of technological advancement, geopolitical strategy, and economic opportunity. ASM has the geological assets, technical capability, and management expertise to play a defining role in the global rare earth industry.

I want to thank our shareholders for their continued support as we advance this important mission. The path ahead requires patience and persistence, but the strategic value we are creating positions ASM to deliver exceptional long-term returns whilst solving the challenges of today and the future.

Helping us to deliver on these returns, I am pleased to welcome Dominic Heaton to the ASM Board as an Independent Non-Executive Director. Dominic joined us in February, bringing a wealth of mining and mineral processing experience with him. His knowledge and expertise across various jurisdictions will support our global strategy and provide strong operational counsel to the Board and management.

Dominic's appointment follows the resignation from the Board of Non-Executive Director Nic Earner. Nic has served on the Board since our demerger from Alkane Resources in 2020. I would like to sincerely thank him for his outstanding commitment and contribution to ASM over the years and wish him all the best for the future as he continues to lead Alkane. In addition, I would also like to acknowledge the support and contribution of Dennis Wilkins, who stepped down from his position as Joint Company Secretary of the Company in February.

Finally, I would like to thank Rowena and the entire ASM team. Their dedication and execution capability continue to position our Company to capitalise on this unprecedented industry transformation.



Ian Gandel
Chair

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CEO Review



Dear Shareholders,

Financial Year 2025 (FY25) has been a pivotal 12 months for ASM and the global critical minerals sector. For several years, the fundamental risks associated with concentrated critical mineral supply chains have been well understood but not necessarily felt by end users. In FY25 – much like during the COVID pandemic – we witnessed a material shift in this dynamic, as industries around the world experienced the tangible impacts of a severely constrained rare earths supply chain.

ASM entered FY25 with clearly defined strategic objectives, targeting deliverables that would support supply chain diversification and mitigate these emerging risks. While there is still much work to be done to deliver our vision of a mine to metals business, I am pleased with the strategic and operational progress achieved during the year. This progress has positioned ASM at the centre of international efforts to build a sustainable, alternative rare earth supply chain.

Korean Metals Plant

Progress at the Korean Metals Plant (KMP) during FY25 has been particularly pleasing, with significant commercial momentum built throughout the year. Multiple product qualification processes have been successfully completed, and we have advanced relationships with established global magnet manufacturers across North America, Asia and Europe. We are now consistently delivering NdPr metal and NdFeB alloy to customer specifications and continue to increase production capacity in alignment with growing customer demand. Product validation processes take considerable time and effort. Each magnet customer has their own explicit specification requirements, as each magnet will be used in a different end application. Being able to produce this level of specificity in our product range is key to our advantage.

Adding to our technical advantage, our in-house heavy rare earth metallisation capability was advanced significantly during the year. This has been a key focus for the KMP team and they delivered a fantastic breakthrough when they achieved the sale of our first commercial samples of terbium (Tb) and dysprosium (Dy) to Neo Performance Materials in July 2025. The production of high-purity Tb and Dy metals represents important capability expansion at an incredibly opportune time. Following China's implementation of export restrictions on heavy rare earth products in April, the KMP witnessed a material increase in product enquiries from companies around the world. As one of very few facilities globally with the technical capability and operational expertise to deliver rare earth metallisation outside China, the KMP is gaining increased international attention and has become a key driver in our growth strategy.

Strategic expansion

That growth strategy includes products and capability but also jurisdictions.

In the United States we have witnessed a clear commitment to critical mineral supply chain diversification, presenting significant opportunities for ASM. During the year, we have explored opportunities to replicate the proven success of the KMP through a strategic expansion into the US market.

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This initiative aligns directly with stated US policy objectives while leveraging our established technical capabilities and operational expertise.

Our extensive US engagement continues to progress constructively, with the submission of an application to the US Department of Defense (DoD) for funding to develop a US-based metallisation facility. Recent announcements of substantial DoD funding commitments to domestic rare earth production, including significant investment in MP Materials' processing capabilities, demonstrate both the scale of opportunity and the Trump administration's commitment to supporting strategic infrastructure development.

The potential establishment of US-based metallisation capability would complement our existing Korean operations while providing customers with enhanced supply chain resilience and geographic diversification. This strategic expansion represents a natural evolution of our vertically integrated business model and positions ASM to capitalise on the substantial growth opportunities emerging across the North American market.

Our ability to metallise and alloy this growing suite of critical materials reinforces the strategic importance of bringing the Dubbo Project into production to provide a reliable, sovereign source of feedstock. While we have been successful in sourcing oxides outside China to support current production ramp-up, that supply remains limited and carries constraints. Until we can develop an alternative that is completely independent from Chinese influence across the entire supply chain, supply security risks will persist.

Dubbo Project

Our Rare Earth Options Assessment (REOA) commenced in 2024 with the objective of identifying potential reduced capital, lower cost and accelerated pathways to rare earth oxide production at the Dubbo Project. I am delighted to report that with the release of our Heap Leach Scoping Study in July 2025, we have identified an option that has the potential to fundamentally transform our development approach.

The Heap Leach Scoping Study demonstrates compelling project economics with significantly reduced capital requirements compared to our previous development scenarios. A phased development approach focuses initial production on rare earth oxides, while maintaining optionality to expand into our full product suite over time. This approach delivers operating unit costs forecasted to be in the first quartile among ex-China producers, with robust project financials that fundamentally improve the project's attractiveness to both offtake partners and financiers.

The simplified development pathway reduces both execution risk and capital intensity while preserving the strategic value of our diverse commodity mix. Crucially, this approach offers the potential to achieve rare earth production before 2030 – addressing the urgent timing requirements we are hearing from potential customers seeking secure feedstock supply.

The Heap Leach Scoping Study outlines the potential for significant production of both light rare earth oxides (neodymium and praseodymium) and heavy rare earth oxides (terbium and dysprosium). The ability to produce all four of these critical rare earth materials from a single operation is yet another strategic differentiator of the Dubbo Project. There are few other projects globally that have this desirable product mix and, when combined with the metallisation capability we have established at the KMP, highlights the unique offering our mine to metals strategy can deliver.

Financial position and capital management

ASM's financial position has been strengthened during FY25 through disciplined capital management and successful fundraising activities. The refinancing of our Korean debt facilities with extended maturity profiles provides operational flexibility and demonstrates strong banking relationships in our key production jurisdiction.

Our Export Credit Agency relationships continue to develop positively, with conditional debt funding commitments from the Export-Import Bank of the United States, Export Development Canada and Export Finance Australia all maintaining their support for the Dubbo Project development pathway. The simplified development approach emerging from the REOA work enhances the attractiveness of these funding commitments within our overall capital structure.

The launch of our Share Purchase Plan and subsequent Institutional Placement in June 2025 sought to raise funds to support our development and growth activities across the business. These transactions were completed in July, with both capital raising activities significantly oversubscribed and delivering A$24.9 million before costs. This success was a strong indication of the shareholder support we have for ASM's strategic direction.

Furthermore, our disciplined approach to cash management and the successful refinancing of existing Korean loan facilities has ensured adequate working capital to support operational requirements at the KMP, continued development activities at the Dubbo Project, and our current US expansion activities.

We are well positioned for the next phase of growth across both our operational and development assets.

ESG excellence

Our commitment to environmental, social, and governance (ESG) excellence continues to deliver measurable outcomes. We maintained our strong safety record with zero Lost-Time Injuries across all operations, reflecting the embedded safety culture across our teams in Korea, Australia, and our farming operations in Dubbo.

The improved ESG Risk Rating from Morningstar Sustainalytics – positioning us in the top 8 percent of global diversified metals companies – reflects our comprehensive approach to responsible development. This achievement has been particularly valuable in our engagement with potential offtake partners, institutional investors and government funding partners.

Our Toongi Pastoral Company operations continue to demonstrate innovative approaches to land management and biodiversity conservation. The success of our soil carbon initiatives and collaborative research programs with NSW Government agencies showcase how responsible resource development can deliver positive environmental outcomes.

At our Korean operations, we have again achieved carbon net zero for Scope 1 and Scope 2 emissions, demonstrating our commitment to sustainable production practices. This achievement is increasingly valued by our customers as they work to meet their own sustainability commitments.

Looking ahead to FY26

There has been a marked shift in sentiment toward critical mineral supply chains – and specifically rare earths – during FY25. Governments are no longer prepared to accept the inherent risks of such concentrated supply chains. The risks are too great and the consequences too severe.

For ASM, our mine to metals strategy provides unique exposure in this rapidly evolving and growing sector.

At the KMP, we have demonstrated our ability to establish and operate a business with critical metallisation capability – capability we continue to develop and enhance. With capacity increases aligned to growing customer demand and the introduction of additional heavy rare earth product capabilities, we have established strong foundations for continued growth.

We will pursue our growth opportunities in the US with the same disciplined approach that has characterised our Korean development, engaging with government and industry partners to identify the optimal pathway for establishing North American operations.

The Dubbo Project represents an advanced, world-class resource in a tier-one jurisdiction. While high capital requirements remained a challenge to securing equity funding in FY25, the significantly reduced capex associated with the rare earth heap leach option has the potential to fundamentally reposition the project. At A$740 million capex, Dubbo will be the only rare earth oxide producing project in Australia with capital costs below A$1 billion. With the opportunity to produce both light and heavy rare earth oxides, this creates a truly compelling investment proposition.

Importantly, we will maintain our unwavering focus on operational excellence, financial discipline, and stakeholder engagement as we advance ASM's position as a leading global critical minerals company.

I want to thank our shareholders for their continued support, our Board for their guidance, and our exceptional team members across Australia and Korea for their dedication to building this globally significant business.

Thank you,



Rowena Smith
Managing Director and CEO

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Operating & Financial Review



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Our Strategy
Critical metals for advanced and clean technologies

Australian Strategic Materials (ASM) is building a global rare earths and critical minerals business to provide the high-tech metals for new growth industries, advanced technologies and sustainable energy solutions.

Our 'mine to metals' strategy is to extract, refine and manufacture high-purity metals and alloys, supplying direct to global technology manufacturers by utilising our R&D and patented cutting-edge minerals processing and metals technologies.

From mine…

ASM's Dubbo Project is the Company's cornerstone rare earths and critical minerals mining and processing project. Located in New South Wales, Australia, this globally significant resource has an estimated mineral resource of 75.18Mt (42.81Mt measured and 32.37Mt inferred).[1] Mined resources from the Dubbo Project will be separated and refined on site to produce a range of metal oxides and mixed chlorides.

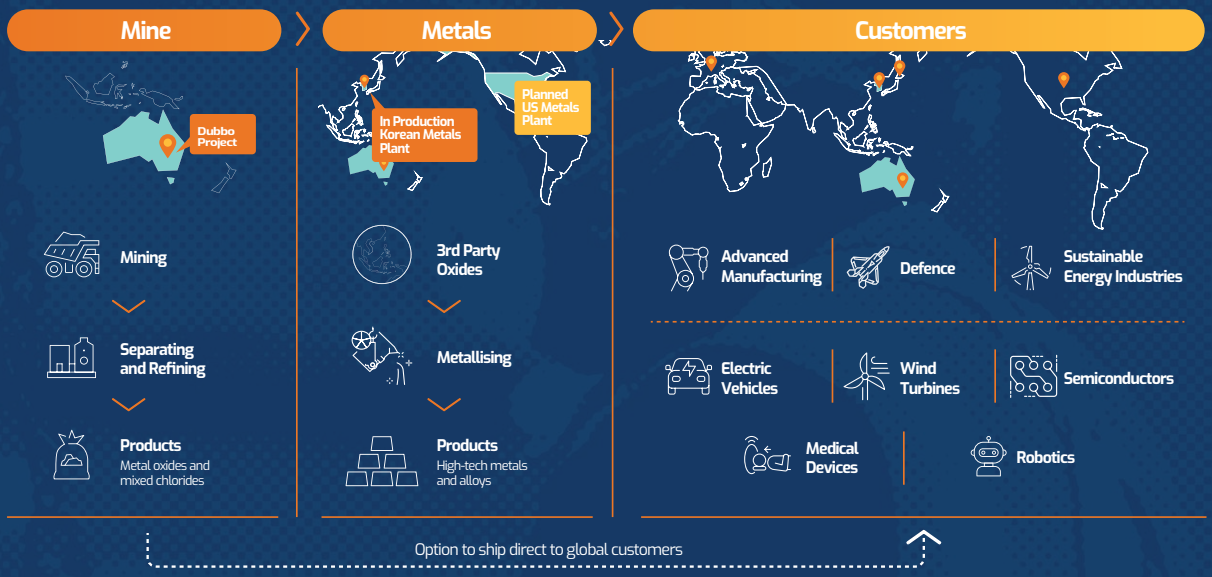
To metals…

Products from the Dubbo Project will be processed at ASM's metallisation plants or sold directly to global customers. ASM's flagship metals plant in Ochang, Korea was commissioned in 2022 and is now in production of rare earth metals and alloys, with agreements to supply customers in Asia, North America and Europe.

[1] The Mineral Resources reported are extracted from ASM's Information Memorandum released to ASX on 29 July 2020 and available at www.asx.com.au. ASM confirms that it is not aware of any new information or data that materially affects the information included in that original market announcement in relation to those Mineral Resource estimates and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in that announcement continue to apply and have not materially changed.

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ASM's mine to metals strategy



FY25 Principal Activities

- Continuing to ramp-up the Korean Metals Plant (KMP) and innovate in our metallisation technologies.
- Explore strategic expansion into the United States through an American Metals Plant.
- Progressing our offtake and funding activities and advancing towards final investment decision (FID) of the Dubbo Project.
- Exploring lower capital and shorter implementation pathways to rare earth production at the Dubbo Project.
- Maintaining our commitment to ESG principles and sustainable operations.
- Cash management discipline across the business.

FY26 Strategic Focus Areas

- Progressing customer growth and product development at the KMP.
- Continue to explore strategic expansion opportunities in the United States and other appropriate jurisdictions.
- Progress lower capital and shorter implementation rare earth production pathway.
- Progress offtake and funding activities and advance towards FID of the Dubbo Project.
- Maintaining our commitment to ESG principles and sustainable operations.
- Cash management discipline across the business.

Our Values

We're building a global business that has the opportunity to make a positive and lasting difference to the world we all live in. ASM's core values create a foundation for how we interact with each other, our customers, suppliers, investors, government and the communities we serve.

Care **Integrity** **Excellence** **Team**

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Mining & Refining

Dubbo Project

The Dubbo Project is the upstream foundational asset of ASM's vertically integrated mine to metals strategy.

Located in New South Wales, Australia, this globally significant polymetallic resource contains rare earths, zirconium, niobium, and hafnium – materials essential for clean energy technologies, advanced manufacturing, and defence applications. The Dubbo Project positions ASM as a future leader in critical minerals production outside China.

During Financial Year 2025 (FY25), ASM progressed the Rare Earth Options Assessment (REOA) – a strategic undertaking to identify alternative lower capital and shorter implementation options to recover light and heavy rare earth elements from the Dubbo Project. The REOA has been supported with A$5 million Federal Government funding, and in July 2025 delivered a potentially transformational approach for the development of the Dubbo Project.

Key Facts

Unique ore body:

- Strong head grade for rare earths, including heavy rare earths (Tb, Dy)
- 75.18Mt of resource (42.81Mt measured and 32.37Mt inferred)
- Strip ratio <0.1

Tier 1 jurisdiction:

- 25kms from Dubbo, NSW – close to established infrastructure
- Within the Central-West Orana Renewable Energy Zone

Construction ready:

- All major approvals in place
- Land and water licences owned
- Final pre-execution engineering by Bechtel

Advanced process flowsheet:

- Developed in partnership with ANSTO over 17 years
- High-purity rare earth and critical mineral oxides

ESG credentials:

- Top 8% best performing diversified metals-mining businesses
- 2030 Greenhouse gas emission targets
  - Scope 1: 40% reduction[1]
  - Scope 2: Carbon net zero

For more information on our sustainability performance at the Dubbo Project, go to page 36.



[1] *From the baseline predicted CO_2 emissions published in the Dubbo Project Modification Report 1 – State Significant Development 5251 dated March 2022.*

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Rare Earth Options Assessment

FY25 marked a pivotal year for the Dubbo Project, with ASM's strategic undertaking of the REOA – a comprehensive evaluation designed to identify lower capital and shorter implementation pathways for rare earth recovery. This work, supported by A$5 million in Federal Government funding through the International Partnerships in Critical Minerals Program[1], has fundamentally reshaped ASM's approach to developing the Dubbo Project.

The REOA was initiated in response to evolving market dynamics and the urgent global need to develop alternative rare earth supply chains. With China's dominance across rare earth processing and increasing export restrictions, ASM recognised the opportunity to develop a more cost-effective pathway that could respond more rapidly to growing market demands.

The work program identified multiple options but was narrowed to focus on atmospheric tank and heap leach methods. These options eliminate the need for capital- and energy-intensive roasting infrastructure within the process flowsheet and enable the opportunity to execute the development and construction of the Dubbo Project in a phased approach.

Four potential processing pathways using the tank and heap leach methods were explored further through variability and metallurgical testwork to establish which would provide the strongest recovery rates for both light rare earths (neodymium and praseodymium) and heavy rare earths (dysprosium and terbium).

In June 2025, ASM released encouraging heap leach metallurgical testwork results[2] with the optimal recovery results achieving:

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

These significant rare earth recoveries provided confidence that a phased development approach using dilute hydrochloric acid in a low-cost, industry-proven heap leaching method would be achievable.

A phased development execution of the Dubbo Project could provide a number of potential benefits:

Shorter implementation:	An accelerated pathway to production of separated rare earth oxides, importantly including those restricted by Chinese export controls.
Lower capital and operating cost:	Reduced initial capex expenditure and first phase operating costs, easing funding requirements – both debt and equity.
Focused pre-development:	Streamlines the pre-execution engineering, reducing pre-development costs.
Simplified offtakes:	A first phase will produce separated rare earth oxide products only, simplifying potential offtake discussions and agreements – a key funding requirement.
Easier funding:	Facilitates funding for the second phase with an operational first phase.

[1] Refer ASX Release, 15 October 2024: ASM awarded A$5M Federal Government grant for Dubbo Project

[2] Refer ASX Release, 17 June 2025: Heap leach metallurgical testwork delivers encouraging rare earth recoveries

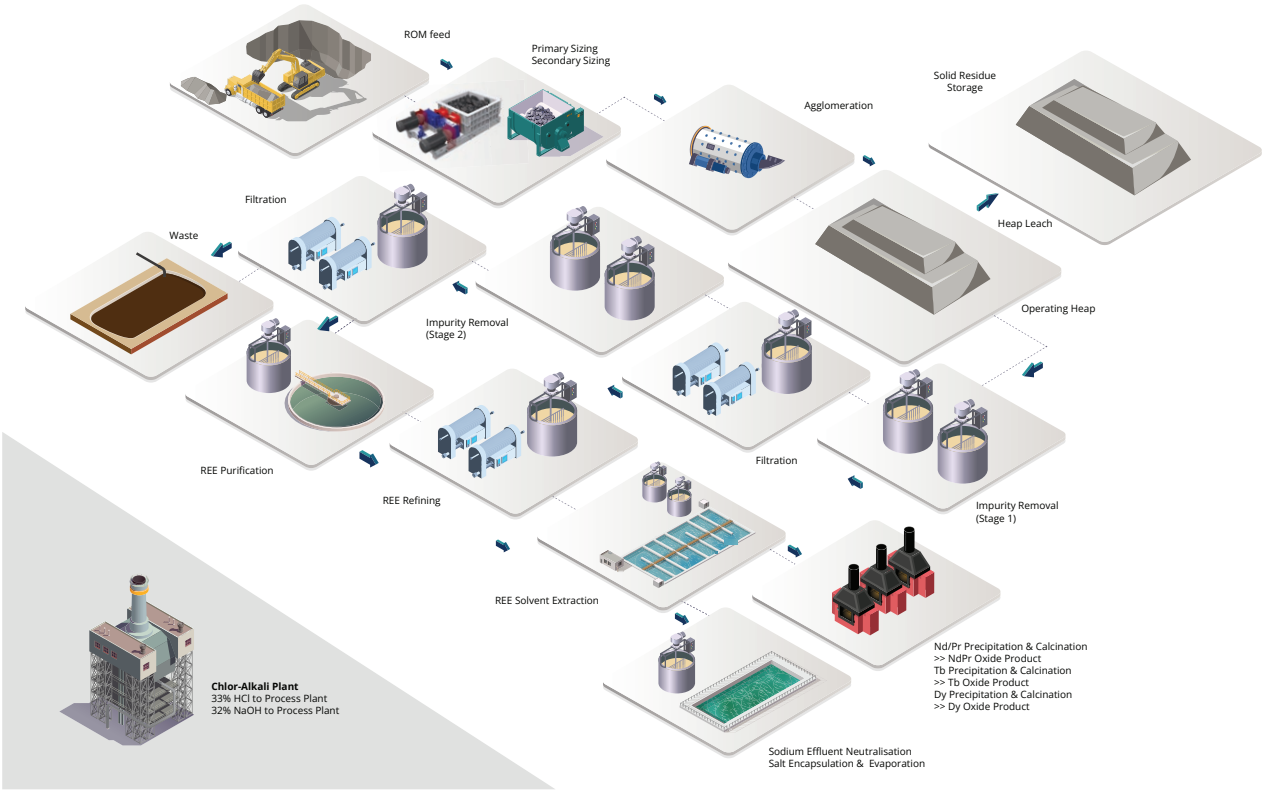
A transformational development approach

With these strong recovery results, ASM accelerated the completion of the Heap Leach Scoping Study[1] in July 2025 – a high-level economic assessment evaluating a potential first-phase development of the Dubbo Project.

The scoping study represents a transformative shift in the Dubbo Project's development approach.

Focused on rare earth oxide production using a heap leach purification, separation and refining flowsheet, this option delivers major cost reductions for the Dubbo Project, de-risks project execution and accelerates its pathway to production.

See the infographic opposite for the Heap Leach Scoping Study key highlights.



The proposed heap leach process flowsheet.

[1] *Refer ASX Release, 11 July 2025: Heap Leach Option delivers major cost reductions for Dubbo Project*

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Heap Leach Option
a transformational approach[1]

1. Simplified Flowsheet

NdPr oxide 1,157 tpa | **Tb oxide 13 tpa** | **Dy oxide 72 tpa**

Leverages proven heap leach technology and extensive in-house purification, separation and refining work[2]

2. Reduced Up-front Capital

A$740M

Capital forecast cost reduced by ~56% from A$1.67B estimate 2021 Optimisation Feasibility Study[3]

3. Low Operating Costs

Q1 costs

Operating forecast expenses in lowest quartile of ex-China rare earth producers[4]

4. Robust Financials

IRR 22.9%

Financials forecast across multiple pricing scenarios, including pre-tax NPV_8% of A$1,468 million[5]

[1] *Refer ASX Announcement, 11 July 2025: Heap Leach Option delivers major cost reductions for Dubbo Project. The Scoping Study is a preliminary assessment based on Class 5 Association for the Advancement of Cost Engineering (AACE) compliant cost development, with a typical range of ±50% and includes a contingency factor of 18%. Further evaluation work and appropriate studies are required before ASM will be in a position to estimate any ore reserves or to provide any assurance of an economic development case for the Heap Leach Option.*

[2] *Average production targets for years 3-15 of mine life.*

[3] *Refer to ASX Announcement, 7 December 2021: Dubbo Project Optimisation Delivers Strong Financials*

[4] *Operating C1 Cash Cost over years 3-15 of mine life*

[5] *Based on pricing upside, based solely on the pricing forecast from Adamas Intelligence market analysis, Refer ASX Announcement, 11 July 2025: Heap Leach Option delivers major cost reductions for Dubbo Project for further details and financials forecast across the various pricing scenarios. 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.*

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Case Study

Tier 1 jurisdiction advantage

The Dubbo Project's location in New South Wales exemplifies the strategic advantages of developing critical minerals projects in Tier 1 jurisdictions. Australia's political stability, established mining laws, and strong rule of law provide unparalleled investment security, while the NSW Government's commitment to critical minerals development has been demonstrated through tangible support measures including the royalty deferral arrangement that enhances project economics during the construction and ramp-up phases.

Located approximately 400 kilometres northwest of Sydney, the Dubbo Project benefits from excellent infrastructure connectivity that removes many development challenges associated with remote locations. The project site has direct access to established road networks, reliable grid power supply, and telecommunications infrastructure, while the nearby regional centre of Dubbo will provide a skilled workforce that can potentially reduce fly-in-fly-out operational requirements. This infrastructure foundation reduces capital requirements and operating costs while supporting sustainable community-based employment.

The project's strategic positioning creates opportunities for development as a regional critical minerals processing hub. The combination of substantial processing infrastructure, established logistics networks, and proven separation technology creates potential for third-party toll processing arrangements, generating additional revenue streams while supporting broader Australian critical minerals industry development.



L-R: The Hon. Courtney Houssos, NSW Minister for Natural Resources, The Hon. Madeleine King, Federal Minster for Resources, Rowena Smith, Annaliese Eames.

The Dubbo Project's proximity to ANSTO's Lucas Heights facility enables collaboration on Australia's most advanced critical minerals separation and processing technology development. ASM's 15+ year partnership has delivered proprietary intellectual property, pilot plant validation, and proven commercial-scale processing capabilities that provide ASM with unique competitive advantages. ANSTO's ongoing involvement ensures continuous technology optimisation, maintains Australia's sovereign technical capabilities, and provides access to world-leading analytical and development facilities.

The integration of stable jurisdiction, established infrastructure, and technical excellence positions the Dubbo Project as a globally competitive critical minerals development with reduced execution risk and enhanced long-term viability.

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Funding and offtake

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

ECAs and international opportunities

ASM has established strong relationships and support from international export credit agencies (ECAs). Through these channels, the Dubbo Project has secured conditional debt funding commitments exceeding A$1.5 billion, reflecting shared international policy priorities around critical minerals supply chain security.

In addition to a Letter of Support secured from Export Finance Australia (EFA) for up to A$200 million of debt funding for the Dubbo Project, ASM has enjoyed significant success with North American ECAs.

United States Export-Import Bank (US EXIM)

- **Funding package**
  - Conditional Letter of Interest (LoI) for debt financing up to US$600 million (A$923 million).[1]
  - Engineering Multiplier Program funding of US$32 million for FEED services.[4]
- **Strategic alignment**
  - Ministerial-level Australia-United States Taskforce on Critical Minerals.
  - Recognition under Defense Production Act Title III as domestic source.
  - Supply Chain Resiliency Initiative (SCRI).
  - Australia and US both members of the Minerals Security Partnership.
- **Basis of funding**
  - Linked to US equipment, goods, and services content in either FEED or construction phase (as applicable).

Export Development Canada (EDC)

- **Funding package**
  - Conditional LoI for direct lending debt funding of up to A$400 million.[2]
  - Extension granted: LoI extended to April 2026 demonstrating ongoing commitment.
- **Strategic alignment**
  - Australia and Canada have shared priorities for the development of global critical mineral supply chains.[3]
  - Australia and Canada both members of the Minerals Security Partnership.
- **Basis of funding**
  - Linked to Canadian equipment, goods, and services content in construction phase.

These relationships remain key to ASM's funding progress as we explore options to support the new, reduced capital cost, heap leach development approach. Furthermore, ASM has continued to engage with multiple European ECAs, and the ECAs of Korea and Japan to identify other potential funding opportunities.



Rowena Smith (3rd from right) participated at the EXIM Annual Conference in April 2025.

[1] *Refer ASX Release, 21 March 2024: ASM receives US$600M Letter of Interest from US EXIM for Dubbo Project - proposed funding relates to the construction of the Dubbo Project described in the as per 2021 Optimisation Study*

[2] *ASX Release, 25 April 2024: Growing North American support builds momentum for Dubbo Project funding process - EDC proposed funding relates to the construction of the Dubbo Project described in the 2021 Optimisation Study*

[3] *Joint Statement by Canada and Australia on Cooperation on Critical Minerals: https://www.industry.gov.au/publications/joint-statement-canada-and-australia-cooperation-critical-minerals*

[4] *Refer to ASX Release, 25 March 2024: Bechtel contract to support ASM with engineering at the Dubbo Project - EMP proposed funding relates to undertaking FEED services for full Dubbo Project as per 2021 Optimisation Study*

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In addition to the support of and relationship with US EXIM, ASM has developed positive engagement with other US government agencies, notably the US Department of Defense (DoD). Under Title III of the US Defense Production Act, Australia has been designated a 'domestic source' – opening multiple pathways for potential collaboration and investment. The Dubbo Project has also been identified as an eligible project under the Minerals Security Partnership (MSP).[1] The MSP was established by the US to create diverse, secure, and sustainable supply chains for critical minerals. Current MSP partners include Australia, Canada, Estonia, Finland, France, Germany, India, Italy, Japan, Norway, the Republic of Korea, Sweden, the United Kingdom, the United States, and the European Union (represented by the European Commission). Support from the MSP highlights the global strategic significance of the Dubbo Project.

During FY25, ASM submitted three whitepapers requesting funding via DoD channels – two for the Dubbo Project and one for the establishment of a second metals plant in the United States (see page 29). As an Australian entity, the Dubbo Project is eligible for funding support as a 'domestic source' under the US Defense Production Act Title III. ASM has received initial positive indications of interest in the two submissions for Dubbo Project Funding and will update the market as these submissions progress.

In Korea, ASM continued its relationship with KCF Energy Co. Ltd (KCF), as it provided support to identify and explore opportunities with parties with an interest in supporting the Dubbo Project. The framework agreement with KCF has been extended to 31 December 2025.

Offtake & strategic partners

Throughout the year, ASM has advanced offtake and strategic investment opportunities across multiple jurisdictions: Asia, North America, Europe and the Middle East. This has included direct discussions with original equipment manufacturers (OEMs), tier-one suppliers, strategic investment partners and sovereign wealth funds, competitive assessment processes and long-term partnership development focused on supply security and strategic alignment.

Discussions have been across the Dubbo Project's entire product portfolio, supported by demonstrated metallisation capability at the Korean Metals Plant.

With the outcomes of the Heap Leach Scoping Study, ASM is now able to streamline and advance these discussions – targeting a reduced product suite focused on light and heavy rare earth oxides proposed for the first phase of development at the Dubbo Project. This simplification – targeting neodymium, praseodymium, terbium and dysprosium – is already aiding engagement with offtake partners, and discussions are continuing with renewed momentum in light of the updated scope.

Australian Strategic Critical Minerals Reserve

In April, Prime Minister Anthony Albanese and the Australian Labor Party (ALP), stated that a re-elected Australian Federal Government would establish a national critical minerals strategic reserve. Prime Minister Albanese said the government would invest further in critical minerals through two new mechanisms:

- **National Offtake Agreements:** through voluntary contractual arrangements the Government will acquire agreed volumes of critical minerals from commercial projects, or establish an option to purchase at a given price, holding security over these assets as part of the Strategic Reserve; and
- **Selective stockpiling:** the Government will establish Australian stockpiles of certain key critical minerals produced under offtake agreements as required.

Having been re-elected in the May federal election, the ALP has moved to establish a Taskforce to consult and finalise the scope and design of the Strategic Reserve. ASM has been involved in industry and government roundtable discussions to support this endeavour and welcomes the opportunity to engage further on what it views as a potentially positive strategic initiative that the Dubbo Project is well placed to support.

[1] *https://2021-2025.state.gov/joint-statement-on-establishment-of-the-minerals-security-partnership-finance-network/*

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Case Study

Strategic government investment enabling breakthrough innovation

The Australian Government's A$5 million grant through the International Partnerships in Critical Minerals (IPCM) Program has proven instrumental in enabling ASM's transformational Rare Earth Options Assessment work during FY25.

This targeted funding – matched 50-50 by ASM – supported comprehensive metallurgical testing programs, engineering studies, and economic evaluations that identified the heap leach pathway as a viable alternative to conventional processing methods.

The IPCM funding demonstrates effective government-industry collaboration. The combined A$10 million investment has enabled ASM to potentially deliver over A$900 million in capital cost reductions through the simplified development approach. This funding will continue to support ASM's advancement towards completion of a Pre-Feasibility Study, ensuring the progress achieved through the REOA translates into project development that delivers sovereign processing capability for Australia and its strategic partners.



Australian Federal Resources Minister Madeleine King visited the Dubbo Project following the IPCM grant award.

The year ahead

The REOA has established a clear foundation for ASM's next development phase. The breakthrough achieved through this assessment positions the Dubbo Project as one of the most advanced rare earth development opportunities globally, with proven technology, government support, and a development pathway specifically designed to respond to current market imperatives for secure, diversified rare earth supply chains.

Following the successful completion of the Heap Leach Scoping Study, ASM is advancing systematically towards Final Investment Decision (FID) through a comprehensive Pre-Feasibility Study (PFS) program designed to deliver investment-grade technical and economic assessments.

In FY26, ASM will continue with several workstreams to progress the alternative rare earth development pathway. This includes:

- Conducting additional metallurgical testwork, including drilling, column testing, and optimisation of the leach process.
- Establishing a JORC-compliant Ore Reserve Estimate for the heap leach option 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.

Targeted Timeline*



*Calendar year

For more information on our sustainability performance at the Dubbo Project, go to page 36.

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Resources & Reserves

Mineral Resources

Resource Category	Tonnes (Mt)	ZrO2 (%)	HfO2 (%)	Nb2O5 (%)	Ta2O5 (%)	Y2O3 (ppm)	TREO[1] (ppm)	MREO[2] (ppm)			
								1,660			
Measured	42.81	1.89	0.04	0.45	0.03	1,400	7,400	Nd_2O_3	Pr_6O_{11}	Dy_2O_3	Tb_4O_7
								1,100	340	190	30
								1,670			
Inferred	32.37	1.9	0.04	0.44	0.03	1,400	7,400	Nd_2O_3	Pr_6O_{11}	Dy_2O_3	Tb_4O_7
								1,100	350	190	30
Total	**75.18**	**1.89**	**0.04**	**0.44**	**0.03**	**1,400**	**7,400**				

[1] TREO is the sum of all rare earth oxides excluding ZrO_2, HfO_2, Ta_2O_5 and Y_2O_3

[2] MREO (being a subset of the TREO) is the sum of ND_2O_3, Pr_6O_{11}, DY_2O_3 and TbO_7

Ore Reserves

Resource Category	Tonnes (Mt)	ZrO_2 (%)	HfO_2 (%)	Nb_2O_5 (%)	Ta_2O_5 (%)	Y_2O_3 (%)	TREO* (%)
Proved	18.90	1.85	0.040	0.44	0.029	0.136	0.735
Total	**18.90**	**1.85**	**0.040**	**0.44**	**0.029**	**0.136**	**0.735**

** TREO is the sum of all rare earth oxides excluding ZrO_2, HfO_2, Nb_2O_5, Ta_2O_5 and Y_2O_3*

Note:

As at 30 June 2025, the Mineral Resources and Ore Reserves for the Toongi deposit, which is the basis of the Dubbo Project, are the same as those stated in Company's Optimisation Study dated 7 December 2021.

These estimates were provided by independent industry consultants Mining One Pty Ltd and are reported by ASM in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012). Mineral Resources are wholly inclusive of Ore Reserves, which are based on economic parameters applied to the Mineral Resources, reflecting an initial project horizon of 20 years.

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Metals & Alloys

Korean Metals Plant

The Korean Metals Plant (KMP) is ASM's flagship global metals plant and the proven downstream processing component of our mine to metals strategy.

Located in the Ochang Foreign Investment Zone, 115 kilometres south of Seoul, the KMP has established itself as one of the few facilities outside of China capable of producing rare earth metals and alloys at commercial scale. Since commencing operations in 2022, the facility has demonstrated consistent production capability while building strategic customer relationships across key end markets.

During FY25, the strategic value of ASM's established processing capability became more relevant than ever. China's export restrictions imposed in April 2025[1] on key rare earth elements and magnet materials created immediate supply chain disruptions felt globally. The KMP's proven ability to produce high-tech metals and alloys essential for advanced manufacturing, clean energy, and defence applications positions ASM at the forefront of alternative supply chain solutions.

With growing capability, an expanding customer base, and significant international attention, the KMP represents a critical link in establishing secure rare earth supply chains outside traditional sources.

Key Facts

Capability

- Established production of NdPr metal & NdFeB alloy
- First commercial sale of Tb and Dy metals achieved in 2025

Capacity

- Installed capacity: 1,300 tpa NdFeB
- Designed capacity: 3,600 tpa NdFeB

Accreditations

- ISO 14001:2015 (Environmental Management Systems)
- ISO 9001:2015 (Quality Management Systems)
- ISO 45001:2018 (Occupational Health & Safety Management)
- IATF16949 (Quality Management System – a pre-requisite as a supplier to the automotive industry)

ESG credentials:

- Carbon net zero in Scope 1 and Scope 2 emissions since commencement of operations

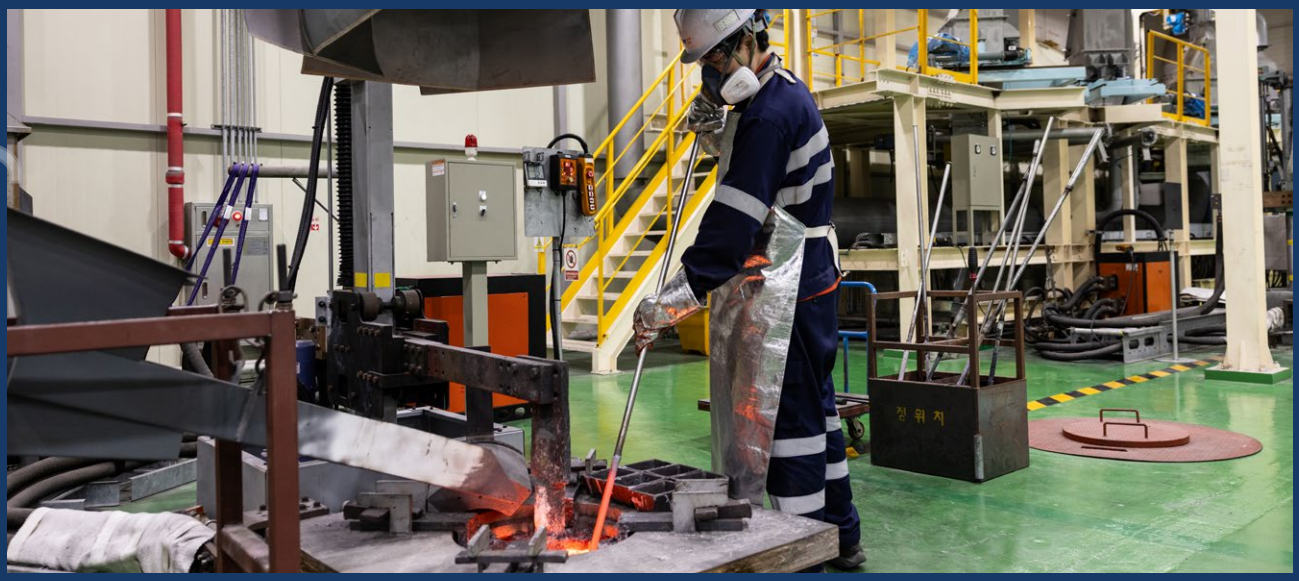
For more information on our sustainability performance at the KMP, go to page 36.



[1] *Source: China Ministry of Commerce: https://www.mofcom.gov.cn/zwgk/zcfb/art/2025/art_9c2108ccaf754f22a34abab2fedaa944.html*

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Sales and ramp-up



The KMP is producing NdPr metal and NdFeB alloy products to customer specification.

FY25 represented a pivotal year for the KMP, with significant commercial momentum building across both established customer relationships and expanding product capabilities. Significant focus was dedicated to critical customer product validation work. This is a complex and time-intensive process, where each customer requires NdFeB alloy manufactured to distinct specifications for their specific magnet applications, reflecting the specialised nature of rare earth metallisation. The success in navigating these qualification processes demonstrates the facility's growing capability and increasing international importance. Importantly, the validation work has given customers confidence in ASM's ability to supply, enabling us to respond swiftly to demand and secure orders as market needs emerged.

Several of these qualification processes progressed to binding purchase orders. Key customer deliveries and validations included[1]:

Noveon Magnetics (United States):	Finalised delivery arrangements for 15 tonnes of NdFeB alloy under the existing 100-tonne supply agreement, with the first 1.2 tonnes dispatched in June 2025. The remaining 13.8 tonnes are scheduled for delivery during the second half of 2025, supporting production of US-made rare earth magnets.
Vacuumschmelze (Germany):	Received purchase order for 7.2 tonnes of NdFeB alloy across five different specifications following successful product validation. Deliveries commenced in July 2025 and will continue through the second half of the year, marking positive progress in the strategic relationship with this leading European magnet manufacturer.
Neo Performance Materials (Canada):	Completed delivery of 19 tonnes of NdPr metal to Magnequench (a wholly owned subsidiary of Neo Performance). Subsequent to the year ending 30 June 2025, ASM and Neo Performance entered into a Memorandum of Understanding (MOU) to explore broader collaboration across supply, tolling and innovation. Neo has a global platform that includes manufacturing facilities located in Canada, China, Estonia, Germany, Thailand and the United Kingdom, as well as a dedicated research and development centre in Singapore – creating opportunities for expanded market access and operational cooperation. Also confirmed at the time of the MOU signing was the sale of a further 10-tonnes of NdPr metal.

[1] For more information on the following purchase orders, refer to ASX Release 6 June 2025: Growing momentum in metal and alloy sales

Production validation

In addition, the KMP has continued with other product validation activities across multiple jurisdictions. These have included:

USA Rare Earth (United States): 	ASM signed a five-year binding sales and tolling framework agreement (Framework Agreement) with USA Rare Earth (USARE) for the supply of NdFeB alloy in August 2023. The Framework Agreement provides for the supply of 60% of USARE's NdFeB alloy demand for the ramp-up of its rare earth magnet facility in Stillwater, Oklahoma. ASM has been working with USARE on product validation, supply of commercial samples and conducting discussions around future supply of alloy - aligned with USARE's ramp-up schedule.
GKN (Europe): 	In June, ASM supplied a NdFeB alloy sample to GKN Automotive for assessment of its technical requirements.

These validation programs, combined with the aforementioned sales agreements, demonstrate the increasing interest in the KMP's capability, and highlight the critical steps toward further ramp-up and a consistent production cycle.

Capacity and capability

As outlined, the KMP is currently producing NdPr metal and NdFeB alloy products to customer specification. The facility currently has three furnaces and one strip caster commissioned, with an installed capacity of 1,300 tpa of NdFeB alloy. The designed capacity of the facility is 3,600 tpa of NdFeB alloy – which will be enabled by the installation of a further 12 furnaces and one additional strip caster. This 'Phase 2 ramp-up' is anticipated to require a ~US$8 million capital investment and would take ~18 months. Ramp-up would be aligned to customer demand and other economic assumptions.

Throughout FY25, development of capability for commercial production of heavy rare earth metals terbium (Tb) and dysprosium (Dy) has remained a strategic focus for the KMP. Utilising ASM's proprietary technology and in-house expertise, the KMP Research and Development (R&D) team has worked diligently to progress this objective. As a result, in July 2025, ASM was able to announce its first commercial sale to Neo Performance – 2 kilograms each of Tb and Dy to be shipped to Neo's magnet manufacturing facility in Estonia.

A critical aspect of metal and alloy production and ramp-up is the secure supply of rare earth oxides. To fulfil current orders and other ongoing product validations, ASM is using existing stock and oxides supplied by an Australian supplier. ASM continues to engage with oxide suppliers in the US, Canada, Australia and the EU. These diverse supply arrangements will be supplemented by high-purity separated oxides from the Dubbo Project, once production commences.

The titanium research and development program, supported by a multi-year government grant, was progressed during the reporting period. Over the course of the project, the team has worked to achieve the grant objectives and will continue to focus on delivering all required outputs to successfully conclude the grant program. ASM continues to assess the potential pathway towards commercialisation.

This growing commercial momentum, capability expansion, and strategic partnership development has been achieved in a best practice operating environment.

During FY25, the KMP achieved:

- a zero Lost Time Industry Frequency Rate;
- successfully completed the renewal assessments for ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems), and ISO 45001 (Occupational Health & Safety Management); and
- successfully conducted a first surveillance audit for IATF 16949 (Quality Management System) to maintain certification.

With these notable successes across FY25, the KMP has established itself as a critical component of alternative rare earth supply chains, validating ASM's vertically integrated mine to metals strategy and providing a proven foundation for future expansion.

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Case Study

Developing heavy rare earth metallisation capability



The KMP R&D team utilised proprietary metallisation technology and in-house expertise to advance pilot-scale trials for both terbium and dysprosium metal production.

Heavy rare earth elements – particularly terbium (Tb) and dysprosium (Dy) – are essential components in high-performance permanent magnets used in electric vehicles, wind turbines, and defence applications. These materials enable magnets to maintain performance at elevated temperatures and provide the magnetic field strength required for demanding applications. China controls >90% of global heavy rare earth supply and processing, creating acute vulnerability for Western manufacturers.

China's export restrictions imposed in April 2025 on key heavy rare earth elements and related magnet materials have intensified global supply chain concerns, triggering immediate disruptions across industries from automotive manufacturers to defence contractors.

ASM's heavy rare earth metallisation program progressed positively during FY25, building on the established operational foundation at the KMP. Early development work began in FY24 with equipment upgrades and process optimisation targeting commercial production capability.

During FY25, the KMP's R&D team utilised ASM's proprietary metallisation technology and in-house expertise to advance pilot-scale trials for both Tb and Dy metal production. This work leveraged the facility's existing infrastructure while incorporating specialised equipment designed specifically for heavy rare earth processing.

In the first half of calendar year 2025, commercial samples of both Tb and Dy metal had been successfully produced, representing a significant technical achievement. The breakthrough culminated in July 2025, with ASM's first commercial sale of heavy rare earth metals – 2 kilograms each of Tb and Dy – to Neo Performance Materials for their magnet manufacturing facility in Estonia. The successful commercial sale represents validation of both technical capability and market demand.

Customer enquiries for heavy rare earth metals have increased substantially, with ASM receiving interest from global manufacturers seeking secure supply alternatives. To meet growing demand, ASM is advancing plans to procure and commission additional heavy rare earth production equipment, with capacity expansion progressing through FY26. This investment will support ASM's objective to become a reliable supplier of heavy rare earth metals at commercial scale, addressing a critical gap in global supply chain security.

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Case Study

Cross-jurisdictional collaboration and partnership

The Korean Metals Plant has become a focal point for cross-jurisdictional collaboration, hosting customers, government officials, and strategic partners from across the globe. During FY25, the facility welcomed delegations from North America, Europe, Asia and Australia as stakeholders assess ASM's capabilities and explore partnership opportunities.

These engagements reflect the complex, collaborative nature of building alternative rare earth supply chains. Unlike traditional commodity markets, rare earth metallisation requires extensive technical validation, with each customer having distinct specifications for their magnet applications. Direct facility visits enable hands-on assessment of ASM's production capabilities, quality systems, and technical expertise.

Customer visits from companies like Noveon Magnetics, Vacuumschmelze, and Neo Performance Materials subsidiary, Magnequench have facilitated technical discussions that translate in to commercial agreements. The facility's ability to demonstrate consistent production capabilities and meet exacting specifications has been critical to building the trust required for long-term supply partnerships.



Welcoming Neo Performance Materials subsidiary Magnequench. ASM supplied 19 tonnes of NdPr metal to Magnequench in FY25.



A 13-person delegation made up of representatives from the Australian Critical Minerals Research & Development Hub, CSIRO, ANSTO and a number of Australian universities visited the KMP in 2025.



Noveon Magnetics Chief Commercial Officer Peter Afiuny (3rd from right).



Members of the USARE management team, including Chief Executive Officer Joshua Ballard, visited the KMP in December 2024.

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American Metals Plant

In the determination on proceeding with the American Metals Plant, ASM will consider whether the following project hurdles can be achieved.

Project Hurdles

Financials

- Targeting financials broadly aligned with the Korean Metals Plant target financials

Capacity

- Initial production capacity of 2,000 tpa of alloy
- Ability to expand to 4,000 tpa aligned to demand

Feedstock

- Non-China REE feedstock, fully independent and diversified supply chain

Jobs

- ~ 150 skilled jobs created at full capacity, supporting local employment and economic growth



From L-R: Reid Zimmerman, US EXIM Senior Loan Officer, Rowena Smith, and Sarah Whitten, US EXIM Senior VP.

The proposed American Metals Plant represents the strategic expansion of ASM's proven metallisation capabilities into the world's largest economy.

Building on the operational success of the Korean Metals Plant (KMP), the American facility would replicate ASM's rare earth metallisation capability to serve the region's emerging permanent magnet market. Recent geopolitical developments – including China's December 2023 ban on rare earth processing technology exports and export restrictions on heavy rare earth materials in April 2025 – have intensified US government focus on supply chain vulnerability and domestic production capabilities. President Trump's Executive Order on "Immediate Measures to Increase American Mineral Production"[1] reflects this strategic imperative, creating unprecedented policy support for rare earth metallisation investment.

With proven technology, established customer relationships, and strong government engagement, the American Metals Plant would position ASM to address critical US supply chain needs while expanding its global manufacturing footprint.



[1] *Refer Executive Order, 20 March 2025: https://www.whitehouse.gov/presidential-actions/2025/03/immediate-measures-to-increase-american-mineral-production/*

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Market opportunity

China's dominance across rare earth processing – controlling over 85% of global refined rare earth production and virtually all magnet alloy manufacturing – creates acute vulnerability for US manufacturers and defence contractors. President Trump's Executive Order demonstrates clear government commitment to reducing dependence on critical minerals from hostile foreign powers. This policy framework, combined with bipartisan Congressional support for critical minerals independence, creates strong momentum for establishing domestic rare earth metallisation capabilities.

The US Department of Defense (DoD) has identified rare earth supply chain vulnerability as a critical national security risk, with specific focus on permanent magnets used in defence systems. The DoD's commitment to building domestic rare earth capabilities was demonstrated by its landmark public-private partnership with MP Materials, supporting the development of US-based magnet manufacturing. Announced in July 2025, the agreement seeks to accelerate the build-out of a US rare earth magnet supply chain. Another significant award was to eVAC Magnetics, LLC (eVAC) – part of Vacuumschmelze – in September 2023, to establish domestic rare earth permanent magnet manufacturing capability.

The agreement will provide US$94.1 million to eVAC to acquire and install manufacturing equipment, operationalise technical infrastructure, and engineer production lines. These efforts demonstrate a clear intention from the US government to build a rare earths domestic supply chain. Importantly, this will include the building of metallisation and alloying capability to provide the key feedstock for domestic magnet makers.

The DoD's Cornerstone Initiative Request (see Progress and next steps), seeking construction of domestic metallisation capability, further reflects the urgency of this strategic imperative and a willingness to provide funding support.

ASM's existing customer relationships in the US – including Noveon Magnetics in Texas, USA Rare Earth in Oklahoma and eVAC in South Carolina – demonstrate immediate market demand and provide foundation customers for a potential US facility. These established partnerships reduce market entry risk while offering pathways to commercial scale. Strategic proximity to North American OEMs would also offer significant advantages including reduced logistics costs, enhanced supply security, and alignment with 'Made in America' procurement preferences.

Australia's status as a 'domestic source' under the Defense Production Act Title III enables access to DoD funding programs traditionally reserved for US



Annaliese Eames (left) and Rowena Smith (right) at the Hall of the States in Washington DC.

companies. This designation reflects the strategic alliance between Australia and the United States, providing ASM with competitive advantages in government funding competitions. A key enabler of building a resilient and sovereign supply chain for high-performance magnets is the reliable supply of rare earth oxides, which serve as the essential feedstock for metallisation and alloying processes. As the United States seeks to establish its own rare earth supply chain, allied nations like Australia play a critical role in providing these materials. This is why recognition as a domestic source is so important. Notably, the Dubbo Project is a significant source of these oxides – particularly heavy rare earths, which are scarce and vital for advanced defense and clean energy technologies.

Replicating proven capability

ASM's strategy for the American Metals Plant is built on a foundation of proven capability, deep technical know-how, and a track record of successful delivery. With metallisation technology already proven at the KMP, ASM is uniquely positioned to rapidly and reliably fill the gap in metal and alloy supply for the United States' growing rare earth magnet supply chain.

The American Metals Plant will replicate proprietary alloy production processes and advanced heavy rare earth metallisation techniques, showcasing ASM's leadership in this specialised domain. The American Metals Plant would initially focus on NdFeB alloy production and separated rare earth metals (NdPr, Dy, Tb), that are essential to defence and clean energy applications and currently represent the most acute supply chain vulnerabilities in the US. This targeted product portfolio aligns with identified DoD requirements and growing OEM demand for secure magnet material supplies.

Importantly, the American Metals Plant is a natural extension of ASM's vertically integrated strategy, connecting high-purity separated oxides from the Dubbo Project with downstream metallisation capabilities. This integration will provide feedstock security while reducing dependence on volatile spot markets for rare earth inputs.

With established technology, operational readiness, and strategic positioning, ASM is ready to deliver immediate impact and long-term value. The American Metals Plant is more than a facility – it is supporting US critical minerals capability, strengthening allied supply chains, and reinforcing the enduring partnership between Australia and the United States.

Progress and next steps

ASM has maintained active engagement with US government agencies and funding bodies throughout FY25, demonstrating strong momentum for the development of the American Metals Plant.

In February 2025, ASM submitted a whitepaper to the DoD outlining the strategic case for domestic metallisation capability. Following the DoD's subsequent release of a 'Cornerstone Initiative Request' seeking proposals for the construction and operation of a commercial-scale metals plant, ASM submitted a detailed proposal in June 2025 and is now awaiting determination on potential funding.

ASM has commenced a site selection process, engaging with multiple US states to identify optimal locations for the American Metals Plant and to negotiate and understand the state incentives available for such a facility. The site selection process is progressing in parallel with funding discussions, enabling accelerated project advancement as key milestones are achieved.

Subject to successful funding outcomes and regulatory approvals, ASM anticipates finalising site selection and permitting in 2026, with construction targeting commencement in 2027.

Targeted Timeline*

2025	2026	2027
Selection of the preferred US state for American Metals Plant	Finalise American Metals Plant funding and permitting	Construction commences targeted completion within two years

* Calendar year

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Review of financial position

As outlined in the Operating Review on pages 11 to 31, ASM's key business objectives for FY25 focused on the development of the Dubbo Project, ramp-up of the Korean Metals Plant, progression of expansion plans into the United States and progressing funding and offtake agreement activities.

During the year ended 30 June 2025 (FY25), the Group's overall loss decreased by 2%. This was principally driven by increased gross profit, lower general administration expense, and lower employee remuneration which was offset by increased operating expenses including a write-down of non-essential Korean equipment of $2,413,000 (2024: Nil) and Korean net realisable value write-down expense of $5,860,000 (2024: $5,804,000).

	30-Jun-25 $'000	30-Jun-24 $'000	Movement $'000	%
Sales revenue	3,168	3,106	62	2
Cost of sales	(1,679)	(2,497)	818	(33)
Gross profit	1,489	609	880	144
Net loss before tax	(25,122)	(25,147)	25	0
Net loss after tax	(24,555)	(25,175)	620	(2)

The Group's net assets decreased by 11%, principally due to operating expenses, inventory costs of goods sold, Korean inventory write-down, non-essential Korean equipment write-down and depreciation and amortisation. This decrease was offset by continuing investment in Dubbo Project flowsheet enhancements, Non-Process Infrastructure studies, the Rare Earth Options Assessment (REOA) and investment in Korean assets.

	30-Jun-25 $'000	30-Jun-24 $'000	Movement $'000	%
Cash	19,013	47,602	(28,589)	(60)
Net assets	181,470	204,594	(23,124)	(11)
Issued capital	281,350	281,462	(112)	0

Cash and cashflows

The Group's payments to suppliers and employees reduced during FY25, however, net operating cash outflows increased by 3%, principally due to lower receipts from customers and bank interest received. Net investing cash outflows increased by 4%, due to lower receipts of government grants for Dubbo Project exploration and evaluation activities and Korean property, plant, and equipment investments. Financing cashflows decreased by 132% reflecting only interest and debt principal repayments with no capital raise inflows during 2025. Subsequent to year end, during Q3 2025, the Group raised $24,861,761 before costs, as outlined in Note 24 to the Financial Statements.

	30-Jun-25 $'000	30-Jun-24 $'000	Movement $'000	%
Net operating cash outflows	(16,159)	(15,622)	(537)	3
Net investing cash outflows	(8,002)	(7,692)	(310)	4
Net financing cash (outflows)/inflows	(4,530)	14,345	(18,875)	(132)
Net cash flows	(28,691)	(8,969)	(19,722)	220
Closing cash	19,013	47,602	(28,589)	(60)

Going concern

Based on the Group's cash flow forecast, the Group will require additional funding to enable the Group to continue to realise its strategic business activities and meet all associated corporate, production, evaluation and development commitments over the period.

As a result of the above, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are satisfied that there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

The Directors have based this determination on the demonstrated ability of the Group to raise capital, the intention to raise new capital and their assessment of the probability of progressing project financing.

The attached financial report for the year ended 30 June 2025 contains an independent auditor's report which highlights the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern.

For further information, refer to Note 1 of the financial statements (see page 91), together with the auditor's report (see page 123).

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Market outlook

The first half of 2025 saw several developments in the market and geopolitical landscape that are likely to have a profound, and positive impact on the rare earths supply chain outside China for many years to come.

Following the announcement in early April that China would impose additional restrictions on the export of several dual-use items (including products and raw materials containing medium and heavy rare earths dysprosium (Dy) and terbium (Tb)) end users were made acutely aware of their longstanding reliance on a single source for these elements. 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 several European and US OEMs subsequently forced to halt production. Although an agreement was struck between the US and China to allow shipments to resume, we understand the award of licenses has to date been overwhelmingly for downstream components and assemblies, enabling Beijing to maintain its chokehold over processing that confers control of the supply chain. However, it is apparent that the events have accelerated the urgency with which the supply chain is being reshaped, particularly in the US.

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Dubbo Project

In August 2025 NdPr oxide prices hit two-year highs above US$90/kg on restocking by magnet makers, while the release of mining, smelting and refining quotas by the Chinese government, without publicly disclosing the associated volumes, has also fueled the rally. This follows reports earlier in the year that China's Ministry of Industry and Information Technology (MIIT) was drawing up plans to implement controls on imports of rare earths, so that these would be included under the quotas. This move has the potential to significantly constrain the production of magnetic rare earth oxides in the rest of world.

If enacted, all imports of upstream products would effectively be forced to compete with domestic supply under quotas which are currently only allocated to China Northern Rare Earths (CNRE) and China Rare Earths Group (CREG) and their affiliates. With a lack of existing separating capacity outside China acting as a bottleneck, mining projects that plan to produce intermediates before oxides are likely to face difficulties in placing their product.

Korean Metals Plant

High grade NdFeB alloy prices have also risen to their highest level in more than 18 months due to the commencement of a restocking cycle, spurred largely by continuing strong growth in electric vehicle (EV) sales off a larger baseline volume. Both Ford and General Motors achieved record sales for EVs in 2024[1], while Hyundai is investing US$8.2 billion to expand EV production and develop new models[2]. Concurrently, the International Energy Agency (IEA) expects global EV sales in 2025 of more than 20 million units[3], a 25% increase from last year, while the Global Wind Energy Council (GWEC) forecast that wind power installations, another important sector for the use of high grade magnets, will reach a new record of 139 GW in 2025[4] and a compounding average growth rate of 9% until the end of the decade.

At the same time, the implementation of Chinese export restrictions has proven a catalyst for sales of NdPr metal and NdFeB alloy to key partners, reinforcing ASM's position as a trusted supplier of high-purity rare earth materials. As one of the few facilities outside of China – and ASM is the only ASX-listed company – with the capability to commercially produce rare earth metals and alloys, the KMP is ramping up production to a growing number of established and emerging permanent magnet manufacturers located in South Korea, the US and the EU.

Outlook

The recent announcement by MP Materials relating to US government support with a long-term floor price of US$110/kg, coupled with further statements from the Australian government regarding the establishment of a National Critical Minerals Strategic Reserve, are clear positives for the domestic rare earths industry. Simultaneously, the recent export restrictions from China have highlighted the increasing importance of in-ground, non-China sources of Dy and Tb, while also serving to place greater value on those companies with the capability and operational readiness to metallise these heavy rare earths essential for high-grade magnets within an independent supply chain.



[1] *Argus, 'EV sales surge for GM, Ford', 3 January 2025*

[2] *Fortune, 'Hyundai says it will boost EV and AI development with record US$16.6 billion investment in South Korea', 9 January 2025*

[3] *IEA, Global EV Outlook 2025, page 26*

[4] *GWEC Global Wind Report, page 5*

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Sustainability

In Financial Year 2025 (FY25), sustainability considerations remained at the core of ASM's strategic direction. Over the past year, ASM has continued to strengthen its health, safety, and environmental management systems, ensuring that sustainability risks are proactively identified, assessed, and managed. These efforts not only control the risks but also help to unlock opportunities for innovation and long-term value creation.

By embedding globally recognised sustainability frameworks and standards into our operations and continuously refining the systems and processes that support them, ASM is advancing toward a future defined by responsible growth and operational excellence. As a global business, we uphold transparency and accountability, recognising the importance of a responsible supply chain that meets the expectations of our customers, communities and stakeholders.

Furthermore, ASM is committed to regular benchmarking of its performance against leading international standards, demonstrating a strong and consistent approach to sustainable practices across all areas of the business.

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Towards carbon net zero – our ESG journey



2025 achievements

- KMP Scope 1 & Scope 2 carbon net zero, see page 46
- 3rd improved Sustainalytics public assessment, see page 53
- Commenced Towards Sustainable Mining self-assessment, see page 53
- Commenced TPC carbon soil monitoring, see page 45

Environmental Stewardship

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Dubbo Project

Environmental Impact Statement

ASM's Environmental Impact Statement (EIS) demonstrates the Company's proactive approach to managing and minimising environmental risks with respect to the Dubbo Project, through strategic design and implementation of robust environmental controls and safeguards. Beyond environmental stewardship, the EIS highlights ASM's positive contribution to economic development across regional NSW, reflecting the company's commitment to sustainable growth and community prosperity. The full EIS is available on the ASM website.[1]

ASM has assessed the biophysical impacts of the Dubbo Project and confirmed compliance with all relevant criteria and environmental standards. Through the implementation of additional operational controls and measures, residual environmental risks have been significantly reduced from initial projections.

Environmental monitoring

ASM has continued to utilise the environmental monitoring system installed at Wychitella, the nearest sensitive receptor to the Dubbo Project. Since its installation in March 2022, the system has provided a comprehensive dataset of meteorological and air quality measurements, including a full year of continuous data up to 31 December 2024. This information has been instrumental in establishing baseline air quality and meteorological parameters for the site and has been integrated into ASM's extensive environmental dataset, which now spans nearly two decades.

Monitoring at Wychitella remains aligned with the Australian National Environment Protection (Ambient Air Quality) Measure (NEPM), ensuring consistency with national standards. Pollutant levels are tracked using high-resolution data, with averages calculated from five-minute or one-hour intervals, as appropriate. This ongoing monitoring supports ASM's commitment to evidence-based environmental management and regulatory compliance.

Environmental monitoring activities also include surface and groundwater assessments, with results compiled in the Dubbo Project Annual Review and Rehabilitation Report. This includes ecological data from analogue vegetation monitoring sites and biodiversity offset areas. To ensure comprehensive baseline data collection, monitoring equipment continues to be installed across the site in preparation for commencement of construction.

Biodiversity

In line with its commitment to environmental stewardship, ASM continues to advance its nature-positive approach to biodiversity at the Dubbo Project site. This includes proactive measures to protect native species and ecosystems through careful planning, application of the mitigation hierarchy (avoid, minimise, rehabilitate, offset) and long-term conservation strategies.

The Dubbo Project's Biodiversity Management Plan (BMP)[2] provides a structured framework for monitoring and managing biodiversity. It includes the management of 1,021 hectares of fenced biodiversity offset areas, legally protected in perpetuity through a Property Vegetation Plan (PVP) registered on land titles. These areas are designated for the restoration and maintenance of native habitats, particularly for vulnerable species.

Biodiversity offset area – vegetation plot monitoring (August 2024)

As part of ongoing environmental compliance for the Dubbo Project, AREA Environmental and Heritage Consultants conducted the annual vegetation monitoring activities across five established plots. The monitoring process followed the NSW Biodiversity Assessment Method (BAM 2020), with each plot assessed against its relevant Plant Community Type (PCT) benchmark for average and wet rainfall years.

Key results include:

- Vegetation integrity (VI) scores increased at all plots but most notably, plot 1 and plot 5 recorded their highest VI scores since the implementation of monitoring under the BAM system in 2019. Plot 5 has had historically low scores across all components of the BAM but improvements in composition and

[1] *https://asm-au.com/mines/the-dubbo-project/esg/*

[2] *https://asm-au.com/wp-content/uploads/2025/05/BiodiversityManagementPlan.pdf*

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structure this year have seen its VI increase to the highest score since BAM monitoring started. This is mainly due to its increase in tree foliage cover, and with a high abundance of regenerating saplings present within the plot, its VI should continue to improve.

- Exotic plant species have no identifiable trend with their increase in richness across all plots. It was thought that last year's observed increase in exotic plant species richness was due to above average rainfall, in the year leading up to the monitoring, and lower composition scores. However, during this year's monitoring, composition scores increased, rainfall total was in line with the average, or above in the case of plot 4, for the region and exotic plant species richness and foliage cover still increased.

These results indicate a positive ecological trend and reflect the effectiveness of ASM's ongoing land management and rehabilitation efforts.

Pink-tailed Worm-lizard monitoring project

No Pink-tailed Worm-lizards (PTWLs) have been detected during the most recent surveys, continuing a low detection trend since monitoring began in 2013, with only three confirmed sightings under artificial tiles during that time (in 2013). However, the surveys recorded four lizard species and two frog species, indicating healthy reptile diversity within the monitoring area. The artificial tile habitats offer limited suitability for the PTWLs due to thermal instability, which may contribute to low detection rates. Additionally, pig disturbance affected 16 percent of tile sets, reinforcing the importance for ongoing pest management to protect habitat integrity and future monitoring efforts. In response to the increasing pest populations around the Dubbo project, ASM is working to implement partnerships with stakeholders and interested parties to help control the population base.

Water management

ASM holds sufficient water licences to support the Dubbo Project as a 1 Mtpa operation, with access to both river and groundwater sources within the Macquarie River Catchment. Whilst in the development phase, ASM actively trades water on the temporary market and engages in responsible catchment management through community consultation. A Stage 1 Water Management Plan, approved by the NSW Government, remains in place and is publicly available on the ASM website.[1] Water and waste data will be reported once construction and operations commence.

The Dubbo Project will source water primarily from the Macquarie River via a pump station and pipeline, supported by licensed bore water from "Sweet Water" and seasonal temporary purchases. ASM holds approval to extract 1,250 ML/year from the bore and can capture up to 223 ML/year of rainfall runoff under harvestable rights. An onsite treatment plant will supply potable water, removing the need for external sourcing.

Between May and August 2024, ASM conducted a comprehensive geotechnical program involving test pitting and core drilling across the site. These investigations are informing the engineering design of the Residue Storage Facilities and associated processing plant infrastructure.

To support ongoing hydrogeological assessment, both temporary and permanent piezometers have been installed. In the upcoming period, the groundwater monitoring network will be expanded, with a particular focus on shallow aquifers to improve understanding of site-wide water dynamics and inform future water management strategies.

Korean Metals Plant

Environmental monitoring

The Korean Metals Plant (KMP) actively monitors and reports environmental data to relevant authorities to ensure transparency and regulatory compliance. Key reporting activities include:

- air pollutant emissions, reported biannually to the Chungcheong Buk province;
- waste generation, reported annually to the Geum River Basin Environmental Office and the Ochang-eup Office; and
- outsourced wastewater treatment performance reported annually to the Chungcheong Buk province.

These submissions contribute to regional environmental assessments and help inform broader environmental management strategies. The data submitted by KMP is incorporated into regional totals for environmental reporting.

[1] *https://asm-au.com/mines/the-dubbo-project/esg/*

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Case Study

Woody biomass trial sites at TPC

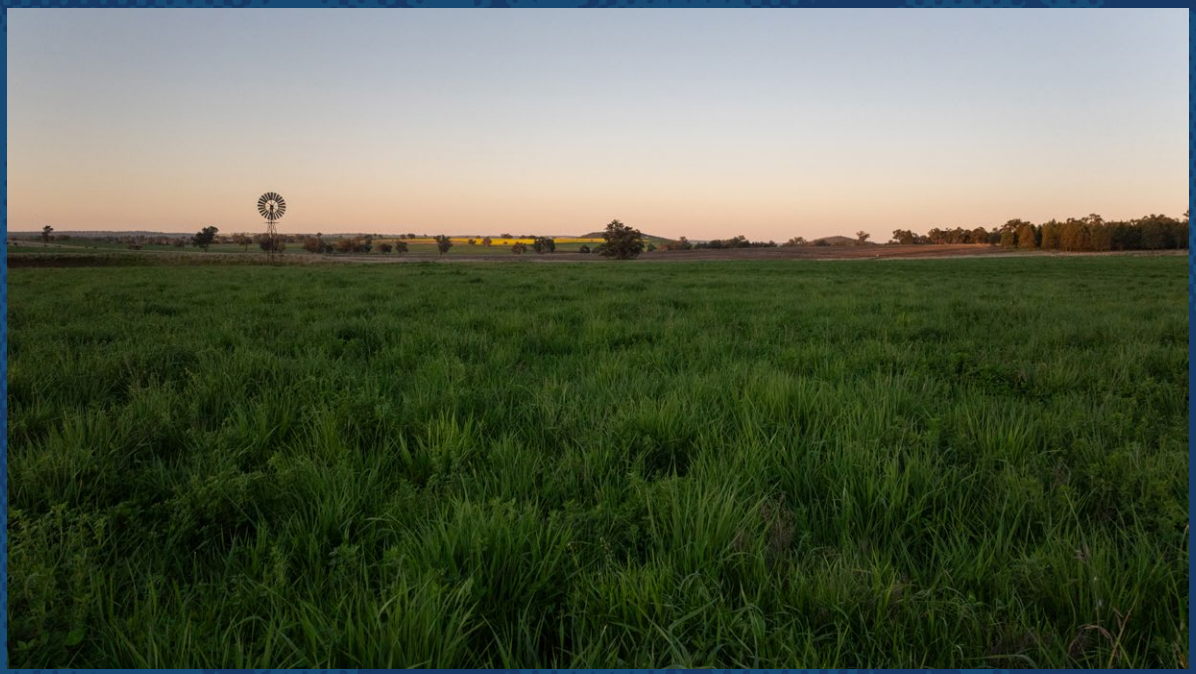
Toongi Pastoral Company (TPC) – ASM's wholly owned subsidiary managing the land surrounding the Dubbo Project – continues to advance sustainable land management through its strategic partnership with the NSW Department of Primary Industries (DPI).

In 2024, TPC partnered with the DPI to commence a woody biomass trial aimed at identifying tree species best suited for biochar production in the Toongi environment. The research initiative is part of the NSW Climate Change Fund's Biomass for Bioenergy Project. Biomass power generation is a potential source of renewable energy to supply some of the Dubbo Project's green energy requirements. Biomass crops are plants grown with the main purpose of harvesting the biomass fibre for energy generation. The main purpose of the crop trials at Toongi is to investigate biomass production under short rotation cycles (three to four years).

The opportunity to incorporate woody biomass crops as a source of carbon neutral bioenergy production is aligned with ASM's long-term net zero carbon objectives.

In May 2025, two 2-hectare trial sites – Pacific Hill and Ugothery – were planted with River Red Gum (Eucalyptus camaldulensis) and Durikai Mallee (Eucalyptus infera). These species were selected for their proven resilience and coppicing ability – regenerating from stumps after harvesting to enable sustainable biomass production through multiple harvest cycles.

TPC will continue to work the with DPI to develop these trial sites, contributing findings to the Biomass for Bioenergy Project.[1]



The Dubbo Project Biodiversity Management Plan provides a structured framework for monitoring and managing biodiversity. It includes the management of 1,021 hectares of fenced biodiversity offset areas, legally protected in perpetuity through a Property Vegetation Plan registered on land titles.

[1] *For more details, visit: https://www.dpi.nsw.gov.au/forestry/science/forest-carbon/biomass-for-bioenergy/biomass-crops*

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Climate Change

Climate change presents significant risks and opportunities that can influence financial performance and our long-term strategy. ASM recognises that strong governance is essential to effectively manage these risks and maintain business resilience and competitiveness.

ASM recognises climate change as a significant challenge with strategic and financial implications. To strengthen its resilience and governance, ASM conducted detailed climate risk assessments during the course of FY24 and FY25, to identify and assess both physical and transition risks. These efforts supported alignment with IFRS S2, and Australian Sustainability Reporting Standards (ASRS).

Three climate scenarios, based on International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) models, were used to test the robustness of ASM's business strategy. This process helped identify key risks and opportunities, guiding ASM's approach to managing climate impacts and integrating sustainability into long-term planning.

Since the initial assessments, ASM has developed a high-level roadmap to prepare for climate reporting under the International Sustainability Standards Board (ISSB) IFRS S2 in future years. Additionally, to prepare for future reporting requirements under the Australian Sustainability Reporting Standards (ASRS), ASM has begun taking steps to align with the framework, to quantify and assess the impact of climate-related risks and opportunities on the business.

ASM is also monitoring developments with the Korean Sustainability Standard Board's Korean Sustainability Disclosure Standards (KSDS) to determine when ASM will be required to report under this standard.

Going forward, ASM will continue to align its reporting to the requirements of the ASRS and KSDS to ensure readiness when reporting under these frameworks become mandatory.

Transitional risks and opportunities

Risks	Opportunities
Financial impacts and safeguard liability	Access to markets (Dubbo Project and KMP)
Low emission technology (processing)	Access to capital
Over-reliance on non-proven technology (Electrified Sulphation Roasted Furnace)	Favourable shift in downstream customer preference (Dubbo Project and KMP)
Failure to electrify	Increased revenue from Neodymium-Praseodymium Oxide
Over-reliance on non-proven technology (Green Kilns)	
Credit risk	
Reduction in downstream customer preference (Dubbo Project and KMP)	

Physical risks

Risks
Disruption to imports
Extreme rainfall events
Flash flooding
Flooding causing blockage to access roads
Rainfall discharged from the plant area

Risks
Endangered animals – flooding and fire
Employee fatigue and heat stress
Water stress
Bushfire

Each identified risk has been evaluated by designated risk owners to determine threat windows for active risks and inform ASM's management actions to address potential exposures and enhance overall risk resilience. These risks and opportunities will form part of ASM's Material Risk Management Process, with their controls and status reviewed on an annual basis.

For details on ASM's full list of strategic risks and the Company's approach to risk management, refer to page 54 of this report.

Energy and Emissions

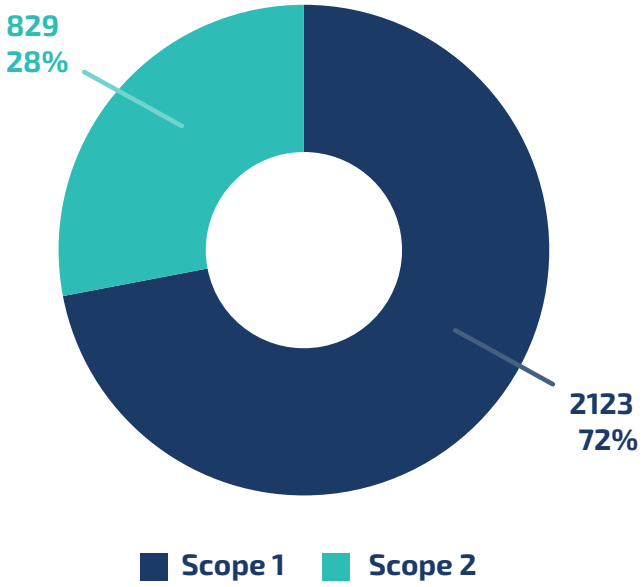
Greenhouse gas emissions

In alignment with ASM's commitment to transparent climate reporting, the Company completed its third annual greenhouse gas (GHG) inventory in FY25, covering Scope 1 (direct emissions) and Scope 2 (indirect emissions) across all operational assets. This inventory was developed in accordance with the Greenhouse Gas Protocol and includes emissions from the Korean Metals Plant (KMP), Toongi Pastoral Company, and the Perth Corporate Office.

Scope 1 emissions encompass direct energy use (diesel, natural gas), industrial gases, livestock emissions, and refrigerants. Scope 2 emissions reflect grid electricity consumption. Once the Dubbo Project becomes operational, total emissions are expected to increase due to its inclusion in the inventory.

In FY25, ASM recorded a 12.3% reduction in combined Scope 1 and Scope 2 greenhouse gas emissions compared to FY24, with total emissions decreasing from 3,363 tonnes CO_2e to 2,951 tonnes CO_2e. This reduction reflects ASM's ongoing efforts to improve energy efficiency and reduce its carbon footprint across operations. The decline in greenhouse gas emissions is linked to an overall reduction in livestock numbers at TPC, where the average number of cattle decreased from 865 in FY24 to 705 in FY25. While the average of number of sheep increased from 2,250 to 2307, overall emissions were still significantly lower.

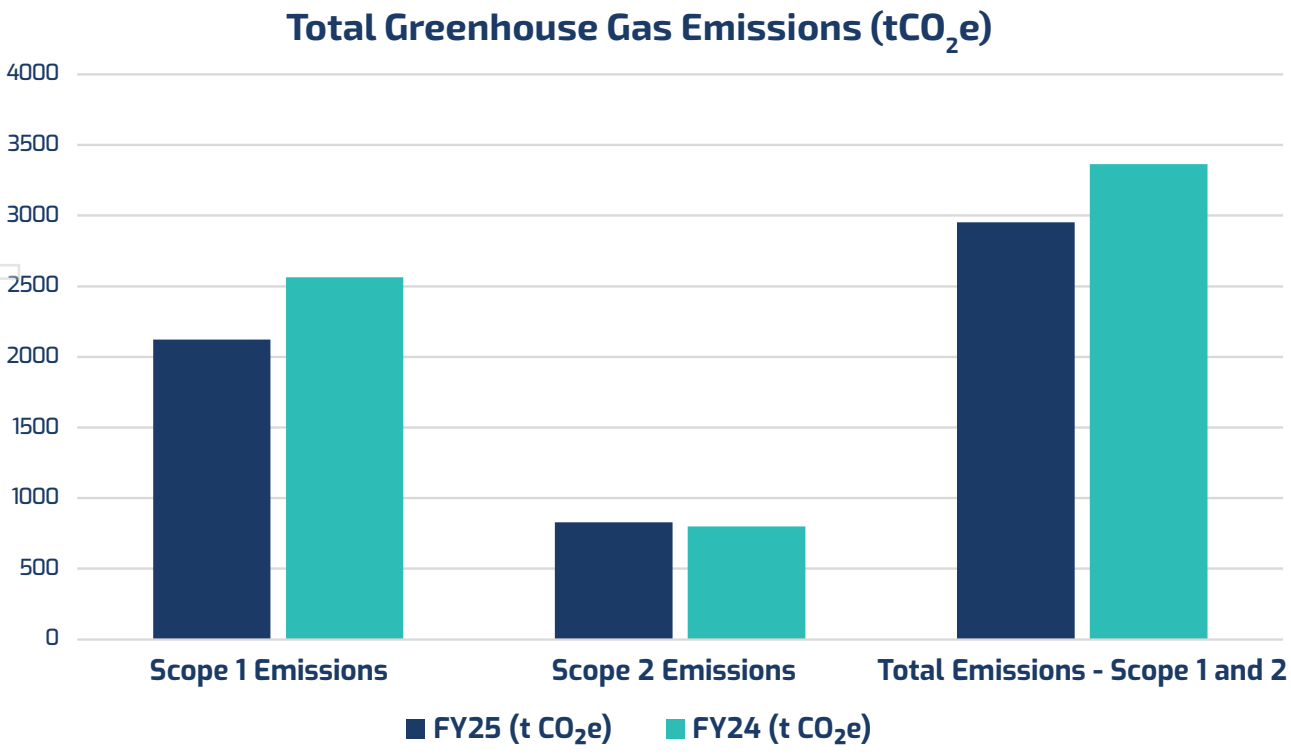
Total Greenhouse Gas Emissions (Scope 1 and Scope 2 - t CO_2e) in FY25



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Greenhouse gas emissions by operation in FY25 and FY24[1]

	FY25 (t CO_2e)	FY24 (t CO_2e)
Korean Metals Plant		
Scope 1 Emissions	15	15
Scope 2 Emissions	742	710
Total Emissions – Scope 1 and 2	**757**	**726**
Toongi Pastoral Company		
Scope 1 Emissions	2108	2,549
Scope 2 Emissions	82	84
Total Emissions – Scope 1 and 2	**2191**	**2,633**
Perth Corporate Office		
Scope 1 Emissions	-	-
Scope 2 Emissions	4	4
Total Emissions – Scope 1 and 2	**4**	**4**
Total		
Scope 1 Emissions	2123	2,564
Scope 2 Emissions	829	798
Total Emissions – Scope 1 and 2	**2951**	**3,363**



[1] *Due to rounding to the nearest whole number, some totals may not correspond with the sum of separate figures.*

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Dubbo Project

The Dubbo Project is located within the NSW Government's Central-West Orana Renewable Energy Zone (REZ), offering strategic access to renewable energy infrastructure. In FY25, ASM continued to explore emissions reduction targets and opportunities as part of its broader sustainability strategy.

Although the project remains in the pre-construction phase, ASM has completed Life of Mine emissions modelling to better understand its long-term environmental footprint. These insights are informing future planning and helping to shape ASM's approach to low-carbon development and climate resilience.

Emissions reduction targets for the Dubbo Project

2030

Scope 1 - 40% Emissions Reduction (Alignment with NSW Government Net Zero Plan Stage 1: 2020 -2030)

Scope 2 - Net zero optimising the use of renewable energy

2040

Scope 1 - Interim target currently in development

2050

Scope 1 - Net Zero

Net zero (Scope 1) by 2050: ASM has set a clear pathway toward net zero Scope 1 emissions by 2050 for the Dubbo Project. As part of this commitment, ASM is targeting a 40% reduction by 2030[1], with efforts focused on electrification of processes and substitution of carbon-intensive reagents. In 2025, ASM continued to test its decarbonisation pathway, which will inform the considerations for an interim 2040 target, further strengthening its emissions reduction strategy.

Net zero (Scope 2) by 2030: To achieve net zero Scope 2 emissions by 2030, ASM is prioritising the optimisation of renewable energy use at the Dubbo Project. This includes sourcing electricity from the Central-West Orana Renewable Energy Zone and integrating low-carbon technologies into project design and future operations.

[1] From the baseline predicted CO_2 emission published in the Dubbo Project Modification Report 1 - State Significant Development 5251 dated March 2022

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Case Study

Toongi Soil Carbon Project

Toongi Pastoral Company (TPC), ASM's wholly owned agricultural subsidiary, continues to demonstrate leadership in sustainable land management at the Dubbo Project. In 2025, TPC built on its commitment to regenerative agriculture, biodiversity, and carbon sequestration, despite facing more challenging environmental conditions than in 2024. Through adaptive management and innovation, TPC aims to show how farming, conservation, and mining can coexist in a resilient and productive landscape.

Following the registration of the Toongi Soil Carbon Project under the Emissions Reduction Fund (ERF) in 2024, TPC has progressed annual monitoring and reporting in partnership with Climate Friendly (formerly Australian Soil Management). Although FY25 presented harsher environmental conditions (environmental score of 3/9 compared to 7/9 in 2024), average category performance remained stable. This reflects an improved alignment between land management practices and environmental opportunity, with a smaller performance gap than the previous year.

Key improvements observed in FY25 include:

- Pasture diversity and legume presence increased, with a 52% rise in diverse growth stages. However, the legumes present were not effective nitrogen fixers, highlighting the need for better-adapted species;
- Root system resilience improved, with deeper rooting observed despite a 53% decline in soil moisture. Soil compaction remains a concern, highlighting the need to address mineral balance;
- Soil organic carbon (SOC) levels increased in both surface and deeper layers, suggesting early-stage carbon gains linked to improved root development; and
- Ground cover was maintained despite reduced grazing scores, indicating the benefits of lower grazing pressure on soil and plant health.

TPC also made strong progress on its 2024 management recommendations, successfully implementing five of six key actions. These included consistent use of a grazing application, reduced synthetic fertiliser use, and increased paddock rest periods – averaging 240 days between grazing events. A draft sowing plan is underway to enhance legume diversity and establish deeper-rooted perennial species.



Toongi Pastoral Company has progressed annual monitoring and reporting in partnership with Climate Friendly (formerly Australian Soil Management).

Korean Metals Plant

The Korean Metals Plant (KMP) has been operational since 2022. ASM continues to explore and implement new initiatives to decrease its carbon footprint.

FY25 marks the third year of carbon neutrality at the KMP, reinforcing our commitment to long-term sustainability and consistency. This milestone reflects not only compliance with environmental standards but a proactive approach to exceeding them.

Emissions reduction targets for Korean Metals Plant

2023

Scope 1 and Scope 2 - targeting net zero from commencement of operation

2040

35% electricity from renewables

Emission reduction opportunities

In FY25, ASM initiated a feasibility study for solar panel installation at the KMP. If viable, installation is planned to begin in FY26. Additionally, environmental awareness campaigns have been launched to promote responsible energy use, including training on optimal heating and cooling practices.

Scope 1 initiatives

- **Fuel efficiency improvements**
  ASM is promoting better driving practices through planned vehicle operation training to enhance fuel efficiency.
- **Fleet electrification**
  Business vehicles will be transitioned to electric models upon the expiration of current lease agreements.
- **Fuel additives**
  Fuel additives are being used to mitigate the decline in efficiency caused by aging vehicles.
- **Generator maintenance**
  Preventive maintenance is routinely performed to ensure optimal generator performance and energy efficiency.
- **Refrigerant management**
  A phased approach is being taken to replace existing refrigerants with environmentally friendly alternatives and to upgrade to high-efficiency equipment.

Scope 2 initiatives

- **Renewable energy integration**
  The feasibility of installing solar panels is currently under review to support long-term renewable energy adoption.
- **Energy conservation measures**
  Idle equipment is regularly inspected and disconnected to minimise unnecessary power consumption.
- **Temperature regulation**
  From 2024, ASM adopted indoor temperature guidelines: 25°C in summer and 20°C in winter to balance comfort and energy efficiency.
- **Efficient equipment procurement**
  High-efficiency products are prioritised when acquiring new equipment to reduce overall energy use.

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Purchasing carbon credits

ASM continues to apply carbon credits to offset residual emissions at the KMP. The program has been extended in FY25 to cover further years, alongside a number of ongoing emissions reduction initiatives.

National emissions abatement schemes

The KMP is committed to aligning its operations with Korea's national emissions abatement frameworks. These include:

- **GHG and Energy Target Management Scheme**
  This scheme supports Korea's national greenhouse gas (GHG) reduction goals under the Carbon Neutrality Act. It designates entities and facilities that exceed specific emissions thresholds as regulated entities. These entities are assigned tailored GHG reduction targets and are monitored to ensure compliance with national climate objectives.
- **Emissions Trading Scheme (ETS)**
  Under Korea's ETS, emission allowances are allocated annually to businesses based on their historical emissions and reduction targets. Companies can trade surplus or deficit allowances, providing flexibility while incentivising emissions reductions. The system ensures that actual emissions are regularly assessed and aligned with national carbon budgets.

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Social Responsibility

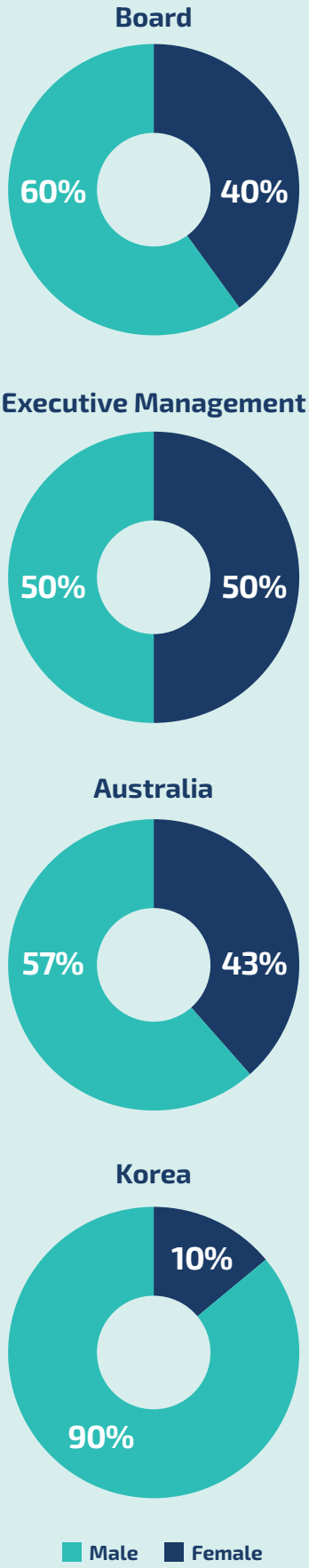
ASM is committed to creating a lasting positive social legacy by delivering meaningful and enduring benefits to the communities and regions where we operate. We understand that fostering strong, positive, and mutually beneficial relationships with our communities is essential to our role as a responsible and sustainable company.

People and culture

ASM remains committed to fostering a workplace culture built on equality, integrity, and inclusion. As of 30 June 2025, the Board comprised 60% male and 40% female members, while the Executive Management team maintains a balanced 50/50 gender split – both aligning with ASM's established diversity targets.

Gender representation across the broader workforce varied during FY25. In Australia, the workforce was 57.1% male and 42.9% female, while the Korean team, consisting of 68 employees, was 89.7% male and 10.3% female. ASM maintains transparency in workforce reporting while continuing to develop strategies that promote diversity, inclusion and equal opportunities across all locations.

ASM gender diversity[1]



[1] *Note: Gender diversity data represents permanent and fixed term ASM employees as at 30 June 2025.*

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Health and safety

In FY25, ASM remained committed to fostering a culture of care and promoting a safe working environment, built on the principles of trust and personal accountability. This involves proactive efforts in identifying risks, conducting assessments, implementing control measures, and verifying their effectiveness as well as line management safety routines and practices leading by example every day. ASM actively encourages and empowers all employees to take on safety leadership roles, fostering a culture where individuals hold themselves and one another accountable for the behaviours and practices essential to maintaining a workplace free from illness and injury.

Performance

In FY25, ASM maintained its strong commitment to workplace safety, recording zero injuries or fatalities across all operational sites. Both the Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Incident Rate (TRIR) were actively monitored and remained at zero for the 128,738 hours worked – a significant achievement that continues a positive multi-year trend.

This marks a notable improvement from previous years:

- FY23: 4 recordable injuries, including 3 lost time injuries (154,916 hours worked)
- FY24: 1 recordable injury, which was also a lost time injury (146,428 hours worked)
- FY25: 0 recordable injuries and 0 lost time injuries (128,738 hours worked)

This downward trend in incidents reflects ASM's proactive safety culture and continuous improvement in risk management practices.

In addition to strong safety outcomes, during the reporting period ASM conducted:

- 233 site leadership inspections
- 4 external audits and inspections, supporting ongoing compliance and safety assurance

These results and activities underscore ASM's alignment with best practice safety standards and its dedication to fostering a safe and healthy workplace.

Management systems

ASM is committed to a strong health and safety culture that protects employees and the wider community. This is driven by robust risk identification, assessment, and control processes, supported by continuous verification. Our Safety, Health and Sustainability Policy – anchored in ASM's core values – guides responsible conduct, transparent communication, and stakeholder engagement to foster a safe and trusted working environment.

At the Toongi Pastoral Company (TPC), staff continue to collaborate with the NSW Rural Fire Service (RFS), with training delivering tangible environmental, social, and governance (ESG) benefits. It enhances sustainable land management and bushfire preparedness, strengthens community resilience, and builds staff leadership and crisis response skills. From a governance perspective, it reflects ASM's commitment to corporate responsibility and meaningful community involvement.

Projects like feral animal control using firearms are managed through a structured risk framework to ensure safety, compliance, and effectiveness. Controls include licensed and trained personnel, clear procedures, communication protocols, and exclusion zones. ASM strictly adheres to legislation, ethical standards, and animal welfare guidelines – minimising risks to people, property, and the environment while supporting our environmental offset objectives.

In FY25 ASM introduced the following new safety procedures and technologies at the KMP:

- A new guideline titled 'Guidance for Typhoon (heavy rain) Preparedness (240712)', which includes pre-emptive measures based on weather forecasts, action protocols during typhoon or heavy rain events, and post-event inspection procedures.
- A new regulation titled 'Risk Assessment Implementation Guidelines (241231)', which incorporates local legal requirements and ASM risk management procedures. It provides guidance on risk assessment methods for each production process.

ASM also held several events at KMP that served to enhance their Safety Leadership program, and safety culture initiatives, including:

- An ESG-related training and awareness campaign for all employees, which aimed to promote awareness and increase employee engagement in sustainability-related practices.
- Promotion of safety and health proposals through incentives, done by holding an award ceremony to recognise employees with outstanding proposals.
- 2025 Safety Prayer Ceremony, on January 2, 2025, in which all KMP employees gathered to wish for a safe and accident-free year. The event served to renew employee's awareness of the importance of safety.

- World day for safety and health at work, on April 28, 2025, in which KMP employees participated in a reading of the safety pledge, training and safety and health procedures, and stress management education.
- Management-led safety inspections and site patrols, which allowed the Representative Director, division heads, and team leaders to conduct daily safety patrols to identify risks and areas for improvement within the KMP.

Emergency response management

ASM recognises that both global and domestic operations may face internal and external incidents that could impact employee and community safety, disrupt business objectives, or damage assets. To manage these risks, ASM maintains comprehensive Crisis and Emergency Management plans.

Emergency response is a priority, with regular audits ensuring preparedness, effective procedures, and first responder readiness. In the first half of 2025, ASM conducted a risk assessment that reviewed emergency scenarios, including a specific case involving cooling water leakage during strip caster operation.

Enhancing high-risk work controls

At KMP, the implementation rate of improvement actions identified through risks assessments (including the Job Hazard Analysis and Job Safety Analysis) currently stands at 25.8%. ASM is targeting an implementation rate of over 90%, supported by clear prioritisation criteria for high-risk tasks and strengthened execution capabilities across relevant teams. Additional measures are scheduled for deployment in the second half of 2025.

To ensure the effectiveness of the Fatal Risk Control Program, the KMP will establish a monitoring system and conduct regular reviews of key control measures.

Certifications and audits

ASM continues to demonstrate its commitment to safety, quality, and environmental excellence through successful ISO audits and certifications at the KMP:

- ISO 45001 Surveillance Audit completed in April 2025, with re-certification planned for April 2026;
- ISO 9001 and ISO 14001 certifications renewed in October 2024; and
- IATF 16949 Surveillance Audit completed in October 2024; next audit scheduled for October 2025.

These certifications validate ASM's robust management systems and alignment with international standards. Since operations began in 2022, ASM has maintained accreditation in ISO 45001 (Occupational Health & Safety), ISO 14001 (Environmental Management), ISO 9001 (Quality Management), and IATF 16949—reflecting our ongoing commitment to continuous improvement and operational excellence.

Community

Indigenous Peoples and cultural heritage

ASM respects the rights of Indigenous Peoples and is committed to building transparent, respectful, and mutually beneficial relationships with Indigenous communities. Guided by the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), ASM upholds the principle of Free, Prior and Informed Consent (FPIC) and engages with Indigenous stakeholders throughout the lifecycle of its projects.

For over two decades, ASM has worked closely with Wiradjuri Elders and Aboriginal organisations connected to the Dubbo Project, including the Dubbo Aboriginal Community Working Party, Three Rivers Regional Assembly, and the Dubbo Local Aboriginal Land Council.

The Dubbo Project Community Consultative Committee (CCC), which met twice in FY25, includes two Indigenous members who play a key role in ensuring culturally informed decision-making. Their insights help shape project planning, surface community priorities, and strengthen engagement.

ASM also prioritises cultural heritage protection as part of its sustainability approach. During the reporting period, ASM:

- conducted additional heritage surveys beyond the original project footprint;
- identified and protected new culturally significant sites from farming impacts;
- collaborated with Traditional Owners to integrate cultural insights into land management; and
- embedded cultural heritage considerations into broader project planning.

These efforts reflect ASM's commitment to responsible development on Wiradjuri Country and to preserving both tangible and intangible cultural heritage.

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Case Study

Cultural healing on Toongi

During the year, Wiradjuri elder Peter Peckham welcomed fellow Wiradjuri man, Jeffrey Amatto, to Country at Toongi. Jeffrey, an award-winning advocate of the Yindyamarra Men's Healing Group, 'More Cultural Rehabs, Less Jails', visited the Dubbo Project site alongside several participants as part of their cultural healing activities. The visit provided an opportunity to deepen their understanding of the work and initiatives taking place on the farmland managed by TPC and to explore potential collaboration in the future.

During the visit, Peter led the group in a traditional smoking ceremony, which emphasised the spiritual connection to Country and its care. Fergus Job, TPC's General Manager of Farming, guided the group through significant cultural heritage sites on the property. These included ancient grinding grooves used for shaping tools and spears, as well as gnamma holes – manmade rock depressions designed to collect and store rainwater. ASM and TPC remain dedicated to safeguarding these culturally and environmentally important features as part of their broader sustainability commitments.



Members of the Yindyamarra Men's Healing Group inspect 'gnamma' holes on Country with Fergus Job and Peter Peckham.

Human rights and modern slavery

ASM is committed to ethical conduct and integrity across all operations and business relationships. To reduce the risk of modern slavery, ASM enforces strong controls, including contract clauses prohibiting forced labour and requiring suppliers to uphold equivalent standards.

Since 2024, ASM has supported the UN Global Compact, aligning with its principles on human rights and labour. In FY25, ASM updated its Modern Slavery Policy[1] to strengthen expectations around ethical sourcing, supplier accountability, and compliance with global standards.

Sponsorships and community engagement

ASM gives back to the communities in which it operates through a range of initiatives. These include direct support for local causes, events, and organisations, as well as contributions such as employee volunteer time and access to facilities or resources. In addition, ASM fosters economic development by engaging local suppliers and business partners, and by creating employment opportunities for members of the local community.

This year, ASM supported a range of community initiatives, including:

- Macquarie Agricultural Pathways Program: Continuing our association with regional students, TPC saw a third year of students graduate from the Macquarie Agricultural Pathways Program (MAPP) and welcomed a new cohort for 2025. TPC has been partnering with Dubbo's Macquarie Anglican Grammar School since 2022 to deliver the MAPP, allowing students to participate in day-to-day farm operations and provide exposure to all areas of an environmental and agricultural business. The program ultimately aims to provide students with a comprehensive and accelerated pathway into the agricultural industry.
- The Dubbo Show: ASM and TPC once again participated in the Annual Dubbo Show. With a stand presence in the heart of the Show, ASM was on hand to engage with local stakeholders across the three days (30 May - 1 June 2025).
- Western Plains Science and Engineering Challenge: The Science and Engineering Challenge (SEC) is a nationwide STEM outreach program presented by the University of Newcastle in partnership with communities, Rotary clubs, universities and sponsors. The program encourages primary and secondary school students to consider their interest in STEM subjects and ultimately pursue a career in the fields of science, technology, engineering and mathematics. At events held around the country, students engage in thought-provoking, interesting and demanding practical activities in a competitive environment. ASM was one of the proud corporate sponsors of the Western Plains event, held over two days in Dubbo.

Community complaints and remediation

ASM maintains a register of all complaints and enquiries received from the community. To uphold transparency, a publicly accessible version of this register – excluding any personal information – is published on the ASM website.[2]

No complaints or enquiries were received during the reporting period. However, ASM is committed to a fair, timely and respectful complaints management process. As part of this process, complaints will be acknowledged promptly and assessed to determine appropriate action. Where necessary, investigations will be conducted to understand the nature and impact of the issue.

Memberships and participation

ASM remains committed to responsible business practices through active participation in global and national initiatives. Since joining the UN Global Compact in November 2022, ASM has aligned its operations with its Ten Principles covering human rights, labour, environment, and anti-corruption.

In FY25, ASM reaffirmed this commitment by integrating these principles into its strategy, culture, and daily operations. ASM also submitted its first Communication on Progress (CoP) report, publicly available on the UNGC website.

Additionally, ASM is a proud member of the Diversity Council of Australia, supporting workplace diversity and inclusion nationwide.

These memberships provide ASM with valuable platforms to evaluate and benchmark its practices, drive continuous improvement, and reinforce its accountability to environmental, social, and governance (ESG) commitments.

[1] *https://asm-au.com/about/corporate-governance/*

[2] *https://asm-au.com/mines/the-dubbo-project/esg/*

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Governance and Ethical Conduct

ESG governance

ASM is guided by a skilled and experienced Board, committed to upholding the Group's Policies and Procedures with transparency and integrity and overseeing compliance with ASM's legal obligations. In FY25, ASM continued to strengthen the integration of climate-related and ESG considerations into its risk management framework. This included maintaining 'ESG matters' as a standing agenda item for the Risk Committee, ensuring these issues remain central to strategic oversight.

Corporate Governance Statement

ASM's annual Corporate Governance Statement has been published and released to the ASX separately. It is available on the ASM website.[1]

Performance and Recognition

ESG risk rating progress in FY25

In FY25, ASM engaged Morningstar Sustainalytics to conduct its third consecutive public assessment of the Group's ESG risk rating. Sustainalytics is a globally recognised ESG rating provider that assesses companies' exposure to and management of material, industry-specific ESG risks. Ratings are shared with institutional investors and made publicly available on the Sustainalytics website.

ASM was ranked in the top 8% of global companies within the Diversified Metals and Mining subindustry group, representing another improvement in its ESG risk rating. The Group achieved a score of 25.6 (Medium Risk), improved from 27.7 in FY24 and 32.6 (High Risk) in FY23.

The result reflects ASM's commitment to embedding sustainability across its operations and provides external validation of its progress.

ESG goals and KPIs

ASM made strong progress toward its ESG goals in FY25, reinforcing its commitment to sustainability and continuous improvement. ASM is preparing for IRMA Standard certification by 2030 – a globally recognised benchmark for responsible mining.

As a key step, ASM is implementing the Towards Sustainable Mining (TSM) framework over the next two years. TSM helps assess and improve site-level sustainability performance across nine key areas, including biodiversity, climate change, Indigenous engagement, workplace safety, and water stewardship.

In FY25, ASM completed a self-assessment focused on corporate processes and the Dubbo Project, identifying gaps and developing an action plan. In FY26, the assessment will expand to include the Korean Metals Plant, with a goal of achieving at least a 'B' rating across most indicators. Continued progress will support ASM's aim to reach A–AAA scores ahead of external assurance in FY27.

[1] *https://asm-au.com/about/corporate-governance/*

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Risk

Strengthening risk management for sustainable growth

ASM's risk management framework is integral to supporting both our immediate priorities and long-term strategic objectives. It is designed to enhance our risk maturity and drive improved business performance across all levels of the organisation.

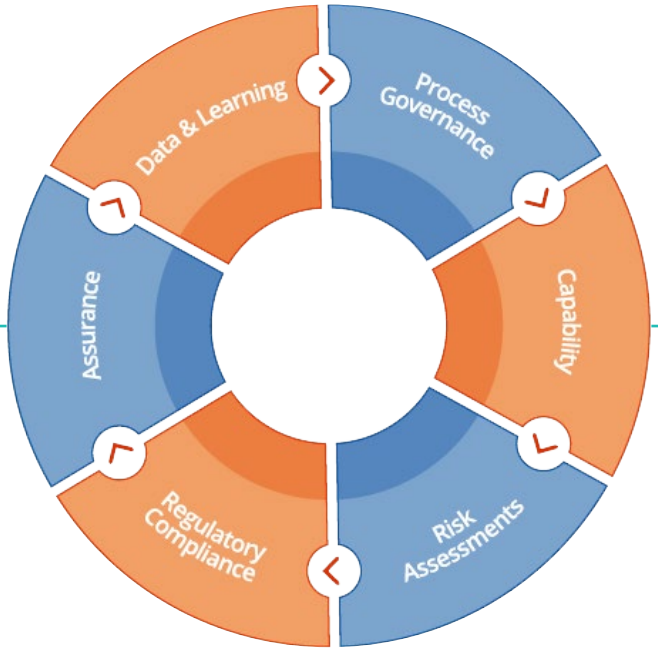
Embedding a culture of risk awareness

To ensure we effectively manage risks that could significantly impact our ability to deliver on our purpose, strategy, and business plans, ASM has established a comprehensive risk management standard. This standard outlines the minimum mandatory requirements and is implemented through our enterprise-wide risk management system, which aligns with the principles of AS/NZS ISO 31000:2018 – the International Standard for Risk Management.

In FY25, ASM made significant strides in embedding risk management practices across our operations and corporate functions. These efforts have strengthened transparency and accountability throughout our site-based teams, executive leadership, and Board of Directors. This progress reflects our ongoing commitment to proactively addressing emerging risks while safeguarding the interests of our stakeholders.

Our vision for risk management

ASM's system of risk management empowers all employees to identify, assess, and respond to risks and opportunities. This capability is essential to achieving our strategic goals and delivering sustainable business outcomes. Our end-state vision is a fully integrated, responsive risk management culture that supports informed decision-making and resilience across the organisation.



We report transparent and complete real-time risk data, easily accessed from a single platform.

- Single administration platform for risks, events, hazards, obligations and actions.
- Integrated reporting from single source.
- Mobile application functionality for infield verifications and observations.
- Continuous learning routines.

We have a mature, clearly defined and understood three lines model, providing regular quality assurance over our controls.

- 1st line verifications performed regularly.
- 2nd line stewardship health checks, assessing control effectiveness and ongoing compliance to our standards.
- 3rd line assurance assessing systems over 1st and 2nd line execution.
- Co-ordinated plan across 2nd and 3rd lines activities.

We understand the regulations that apply to our business, and we have processes to manage and monitor our compliance.

- Regulatory obligations registers in place at each operation.
- Ongoing monitoring program for obligations management effectively escalating non - compliance.
- Real-time update of obligations registers with external regulatory changes.

We all understand our risk management roles and accountabilities, and keep building our skills to make informed risk-based decisions.

- Effective risk management capability training programs for all ASM employees.
- Regular refresher and new starter risk and compliance training.
- Highly capable on site/off site risk management support.

We have simple risk processes and fit for purpose tools, enabling continuous and dynamic risk management activities.

- Documented risk and compliance processes and procedures.
- Toolbox guiding on a range of risk techniques.
- Core risk rhythms and routines for all operations and functions established and operating.
- Governance in place for improvements to risk standard and processes.

We identify and prioritise our risks and continuously address gaps in our controls.

- Comprehensive risk registers in place at each operation and function.
- Risk and control owners assigned for material risks.
- Regular assessments of all risks and controls.
- Organisation risk appetite and tolerance levels established and monitored.

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Defining and managing risk appetite

ASM's risk management practices are guided by a Board-approved Risk Appetite Statement, which defines the level of risk we are willing to accept in pursuit of our strategic objectives. This statement serves as a foundational reference for decision-making across all business activities, ensuring that our operations are conducted ethically, responsibly, and in compliance with legal standards.

Oversight of our risk management system is provided by the Risk Management Committee of the Board. The Committee plays a key role in recommending appropriate risk appetite levels and ensuring alignment with ASM's strategic direction.

To support this framework, ASM has implemented a suite of policies and procedures that provide clear guidance to employees. These tools establish defined tolerance levels for risk across critical business outcomes and jurisdictions, helping to ensure consistent and informed decision-making.

At the conclusion of FY25, ASM's management team and Board conducted a comprehensive annual review of the Company's risk appetite and tolerance levels. This review led to an increased appetite for pursuing operational and development opportunities, reflecting our confidence in the Company's strategic positioning and future growth potential.

Core risks in practice

ASM adopts a comprehensive, dual-layered approach to risk management that integrates both strategic oversight and operational execution. Risks are evaluated at the enterprise level and within specific functions—including operations, project development, and corporate activities.

This top-down and bottom-up methodology ensures that emerging risks are identified early and escalated appropriately. By enabling timely and proactive responses, this approach strengthens ASM's ability to navigate uncertainty and maintain resilience across all areas of the business.

Strategic Business Risks

Strategic risks represent uncertainties that could materially impact ASM's financial performance, operational stability, and ability to achieve long-term objectives. These risks stem from a variety of sources, including the Company's international footprint, the development status of the Dubbo Project, the dynamics of the rare earths and critical minerals industry, as well as broader economic conditions.

These risks are monitored closely by the Board, with input from the Risk Management Committee, Audit Committee, and executive leadership. ASM addresses these risks through targeted strategies that are regularly reviewed to ensure alignment with the Board-approved risk appetite and to maintain organisational resilience.

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Keeping our people and communities safe and well

Opportunity	Threat
Prioritising the safety and wellbeing of our people and communities shapes our culture and expectations. By caring for our workforce and respecting local environments, we build trust and support from communities, customers, and investors.	The impact of not having a safe working environment and best practices, can be devastating for our employees, contractors, communities, and retention of personnel. It can alter lives and impact shareholder returns, business continuity, financial performance, growth and ultimately our license to operate. It poses a risk to the wellbeing of the communities in which we operate – undermining trust, social cohesion, and long-term sustainability.

Our Response

- **Health, Safety & Wellbeing First:** We prioritise the physical and mental wellbeing of our people and communities through proactive monitoring, support programs, and pandemic preparedness.
- **Robust Risk & Emergency Management:** We maintain comprehensive emergency response plans, risk management systems, policies and crisis protocols across all sites.
- **Continuous Improvement & Compliance:** We uphold high standards through regular audits, policy reviews, and adoption of best practices and technologies, ensuring compliance with legislation and accreditations.
- **Engagement & Learning Culture:** We foster a culture of care, respect, and continuous learning by training our people, investigating incidents, engaging with our people and communities, and sharing insights to strengthen safety across the organisation.

Global economic uncertainty

Opportunity	Threat
Amid global uncertainty and rising demand for secure supply chains, ASM is well-positioned to leverage geopolitical support and strategic partnerships to achieve its strategic objectives and to contribute to a strengthened Western critical minerals supply chain. By aligning with policy priorities, we aim to accelerate growth, enhance shareholder value, and establish ASM as a trusted global counterparty.	Any deterioration in economic conditions, including any increase in inflation and interest rates, commodity price volatility or rapid shifts in the supply and demand for end use products, may have an adverse impact on ASM's financial performance or growth. It can also have consequences on ASM's ability to obtain project funding in a timely manner or on terms acceptable to it.

Our Response

- **Adaptive Planning:** We adjust strategies and capital allocation based on market conditions and price trends.
- **Risk & Cost Management:** We use various commercial strategies and mechanisms to manage market volatility and ensure competitiveness through monitoring and peer benchmarking.
- **Strategic Growth:** We diversify supply chains and align investments with geopolitical and industry opportunities.
- **Sustainable Positioning:** We enhance ESG credentials and engage partners to support ethical, traceable critical minerals supply.
- **Brand Strategy & Stakeholder Engagement:** We enhance brand positioning through targeted communications and proactively collaborate with relevant stakeholders to understand evolving economic conditions.

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Maintaining competitive advantage through business innovation and pricing mechanisms

Opportunity	Threat
To stay competitive, we position our organisation to effectively identify, develop and adopt sustainable business models including alternative pricing mechanisms, commercial arrangements, innovative technologies into product offering and supply chain partnerships across our rare earth and critical mineral portfolio.	Critical minerals supply chains are still developing and are changing quickly. Competitive returns rely on transparent, free-market pricing, but government actions – like trade barriers, subsidies, and sanctions – can distort prices and increase volatility. Without access to derivative markets to hedge risk, ASM could face financial challenges. Securing economically viable sales and offtake agreements is critical to ASM's financial outlook. For the Dubbo Project in particular, bankable offtake contracts are essential to attract funding, though favourable terms and timing remain uncertain. To stay competitive, ASM must continuously innovate and adapt its product offering. Failing to respond to customer needs, new technologies, and market shifts could lead to lost market share, reduced brand relevance, inability to deliver projects, and weaker financial performance.

Our Response

- **Customer & Market Engagement:** We actively engage with stakeholders (including existing and prospective customers, suppliers and supply chain partners) to understand needs and identify new opportunities.
- **Pricing Strategy:** We work with price reporting agencies and industry partners to review our pricing and develop better market-based approaches.
- **Marketing & Innovation:** Our dedicated marketing team monitors trends and explores pricing and product innovations.
- **Strategic Partnerships:** We pursue upstream and downstream collaborations to strengthen our market position.

Capital and funding

Opportunity	Threat
By investing selectively in our existing operations, growth options and external opportunities, including accessing competitive capital from government, we aim to maximise total shareholder returns over time.	Pursuing a multi asset strategy across the mine to metal supply chain requires substantial capital investment, which may be challenging for traditional funding. The quantum of export credit finance, commercial debt and/or equity funding available to us may not be sufficient; not available in a timely manner; or on acceptable terms to execute our strategy and therefore impact on ASM's financial performance and growth.

Our Response

- **Flexible Capital Strategy:** We explore diverse funding options, including equity, debt, and government support across jurisdictions.
- **Project Optimisation:** We refine project design to reduce capital, operating, and liquidity risks, enhancing funding appeal.
- **Offtake & Investor Engagement:** We pursue strategic offtake agreements and investor relationships to de-risk financing and seek funding.
- **Financial Discipline:** We maintain strong cash positions and resource our finance and marketing teams to monitor performance and support funding efforts.

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Building and sustaining supply chains for critical goods and services

Opportunity	Threat
Managing supply chain risks effectively helps us operate safely, reliably, and in line with stakeholder expectations. It also allows us to influence sustainable sourcing across the industry and benefit from shifts in trade driven by protectionism, social awareness, and efforts to de-risk value chains. The emerging supply chain for rare earths presents a real opportunity to position ASM as a credible supplier of both rare earth oxides and metal/alloy products.	We rely on contractors and suppliers for key materials and services across our operations – both current and future. The rare earth supply chain outside China is still emerging, bringing both opportunity and risk. Challenges like inconsistent performance, logistics issues, and rising costs may affect reliability of supply, particularly of raw materials. Geopolitical and market instability could disrupt supply, impacting our ability to meet customer needs and deliver growth, affecting project development, our operations and overall financial performance.

Our Response

- **Strategic Partnerships:** We build long-term, collaborative relationships with key suppliers and customers to support resilient supply chains.
- **Local & Efficient Procurement:** We promote local supplier opportunities and explore peer partnerships to optimise cost and efficiency.
- **Robust Procurement Systems:** Our procurement framework ensures effective sourcing, inventory management, and business continuity.
- **Risk Monitoring:** We continuously assess supply chain risks, including material shortages, logistics, climate impacts, and ethical sourcing.

Consistent operational performance

Opportunity	Threat
Continuous improvement in operations and product development enables ASM to deliver consistent performance and expand its product range, strengthening customer relationships and positioning the business for future growth.	As customer demand grows, we may face challenges in consistently meeting expectations, especially during ramp-up phases. This could delay delivery schedules, disrupt cash flow, and affect customer confidence and long-term relationships. Maintaining stable operations at the Korean Metals Plant is critical to fulfilling our commercial commitments and protecting our reputation as a reliable supplier. However, performance can be impacted by supply chain constraints, regulatory changes, equipment reliability, and rising costs or limited availability of key materials and parts. If we're unable to reliably meet customer needs and profitability targets, it could slow our strategic progress, disrupt supply chains, and reduce returns to shareholders.

Our Response

- **Operational Risk Monitoring:** We regularly assess and manage risks and controls across all sites.
- **Efficiency & Quality Systems:** We integrate planning, work design, and ISO-certified processes to enhance performance.
- **Customer Collaboration:** We work closely with customers to meet technical and delivery expectations.
- **Cost Management:** We monitor and adjust operating costs to maintain stable and competitive performance.

Delivering on contractual relationships

Opportunity	Threat
Realising our strategic objectives and financial prospects will be dependent on contracts with a variety of parties in differing jurisdictions. We manage those contracts to build positive relationships, deliver in line with our purpose and meet our strategic commitments.	There's a risk that some of our contracts may not be honoured, renewed, or progressed from memoranda of understanding to binding agreements. This could affect our ability to secure long-term commercial outcomes. Our contracts may also face disruptions due to factors beyond our control or that of our counterparties – such as supply chain issues, regulatory changes, or geopolitical instability, which could harm our operations, reputation, and financial performance. Many of our agreements are long-term and span multiple jurisdictions, which adds complexity in managing legal, commercial, and operational risks over time.

Our Response

- **Strategic Contracting:** We engage with counterparties and jurisdictions aligned with our values and objectives.
- **Relationship Management:** We foster open communication and collaboration to support successful contract delivery.
- **Risk & Legal Oversight:** We apply risk management and seek formal advice to address jurisdictional and contractual risks.
- **Performance Monitoring:** We continuously evaluate our performance and that of our counterparties to ensure obligations are met and issues are resolved promptly.

Maintaining our license to operate

Opportunity	Threat
Proactive, collaborative and transparent engagement provides the opportunity to build relationships with our stakeholders based on trust and shared understanding. Our stakeholders include communities, traditional owners and governments we operate in. Through maintaining and safeguarding our ongoing license to operate, we contribute to our stakeholders and broader society.	Failure to maintain stakeholder trust or meet environmental and regulatory expectations may harm ASM's reputation and financial performance. Delays, revocations, or onerous conditions on permits and approvals – especially for the Dubbo Project, KMP, or future metals plants – could disrupt operations, increase costs, impact our supply chain, and hinder strategic growth.

Our Response

- **Balanced Strategy:** We integrate economic, social, and environmental outcomes into decision-making.
- **ESG Alignment:** We pursue responsible mining certification and benchmark ESG performance against industry standards.
- **Regulatory Compliance:** We monitor evolving legislative and regulatory requirements and trends to ensure compliance.
- **Community Engagement:** We build strong relationships with local communities and traditional owners to support our license to operate.

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Political risks, actions by government and/or authority

Opportunity	Threat
By actively building strong relationships with governments, regulators, and industry bodies, we create a shared understanding that helps guide decision-making. This improves clarity around policy and regulation, supports tailored responses to emerging issues, and helps us align with government priorities, positioning us to become a trusted supplier of rare earths and critical minerals.	Changes in government policies, laws, or geopolitical conditions – such as export controls, sanctions, taxation, or nationalisation – can create uncertainty and negatively affect our assets, operations, and financial performance. These shifts may influence market conditions, investment decisions, project timelines, and limit access to markets and funding. The risk is amplified when we are developing projects in new jurisdictions, where regulatory frameworks may be less familiar or subject to change. Such conditions can also increase costs and create uncertainty for investors and customers, potentially impacting confidence and long-term planning.

Our Response

- **Global Monitoring:** We track political, policy, and regulatory changes across jurisdictions to anticipate impacts and opportunities.
- **Government & Industry Engagement:** We actively engage with government to understand and inform policy development, ensuring alignment with strategic priorities. We then work through industry associations to help shape policies that support the growth of ethical and secure critical mineral supply chains.
- **Expert Guidance:** We leverage internal and external expertise across legal, tax, sustainability, and regulatory disciplines, particularly when entering into new jurisdictions.
- **Proactive Risk Management:** Our compliance-focused risk systems enable timely responses to evolving legislative and policy environments.

Technology and innovation

Opportunity	Threat
To be competitive, we position our organisation to effectively identify, develop and adopt sustainable improvements for breakthrough technology and innovation in our operations and projects.	Critical minerals technology, legislative requirements and consumer trends are evolving rapidly, which could adversely impact on our financial performance and growth if we are unable to adapt.

Our Response

- **Customer Engagement:** We actively engage with customers to understand evolving needs and market opportunities.
- **Innovation & R&D:** Our dedicated team focuses on process innovation, including the development of low-carbon metallisation technology. We invest in R&D and monitor market innovations to stay ahead.
- **Technology Adoption:** We continuously assess operations for technical upgrades and process enhancements.
- **IP Protection:** We invest in safeguarding our intellectual property as a key strategic asset.

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Climate change

Opportunity	Threat
By aligning our business strategy, including operations and product offerings, with stakeholder expectations, emerging technologies and evolving climate and environmental policies and regulations, we can build a more resilient and higher performing portfolio. This proactive approach positions us to better manage the physical risks of climate change while unlocking long-term value and competitive advantage.	Failure to manage environmental risks may impact our ability to secure necessary development approvals, permits and licenses. This could lead to increased legal exposures, adversely impacting on financial performance, growth, and operational continuity. In addition, climate change may lead to physical and environmental risks that are difficult to predict, including more frequent and severe weather events, as well as longer-term shifts in climate patterns. These changes could affect our operations in ways which we are unable to foresee or control.

Our Response

- **Risk Management & Transparent Reporting:** We monitor our climate change risk, assessing both physical and transition risks associated with climate change based on a variety of climate scenarios (refer to page 41 of the Annual Report for more detail). We disclose environmental risks and opportunities in line with best practice standards.
- **Carbon & Resource Management:** We actively work to reduce emissions and manage water and land sustainably.
- **ESG Alignment:** We pursue responsible mining certification and benchmark ESG performance with external assurance.
- **Stakeholder Engagement:** We maintain strong relationships with communities and monitor compliance to uphold our license to operate.

Business resilience (pandemic, natural disasters, strikes/people action)

Opportunity	Threat
Achieving stable and predictable performance strengthens our value proposition to our shareholders, stakeholders, and the communities in which we operate. By continuously improving our preparedness and learning from past events, we enhance our ability to respond effectively to future challenges, building greater organisational resilience and long-term sustainability.	Failure to effectively manage natural catastrophes or major events, such as cyber- attacks or natural disasters, could result in significant disruptions or long-term damage. This could impair the Company's access to logistics chains and critical goods and services, negatively impact our financial performance, and threaten our license to operate.

Our Response

- **Safety & Risk Management:** We prioritise safety and wellbeing, using structured risk management across design, construction, and operations to anticipate and mitigate potential impacts.
- **Financial Protection:** We maintain capped insurance coverage to manage exposure to major events and natural catastrophes.
- **Cyber & AI Resilience:** We monitor and test defenses against cyber-attacks and AI-related threats using advanced technologies, processes, and expert oversight.
- **Emergency & Continuity Preparedness:** We have robust business continuity and disaster response plans, supported by trained personnel and equipment for large-scale emergencies.

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Optimising our asset mix

Opportunity	Threat
There is opportunity to expand our role in the critical minerals supply chain through disciplined development and acquisition of projects – whether operating or non-operating, controlling or non-controlling interests. This includes potential involvement at any stage of the value chain, from mining to metal and alloy production. Partnering with other stakeholders, including peers, customers, and governments in like-minded jurisdictions, also opens doors for early-stage project development and expansion into new markets. These collaborations strengthen our position and support the growth of secure, ethical, and diversified supply chains.	Rapid shifts in global sentiment pose a material risk to the long-term viability of our current portfolio composition. Without timely and strategic action, we may be compelled to divest assets – potentially below fair market value – forego critical growth opportunities, or enter into new investments under suboptimal conditions in an effort to align with evolving stakeholder expectations. The accelerating demand for critical minerals may inflate asset valuations, impacting our ability to secure strategic acquisitions at commercially viable terms. Concurrently, geopolitical tensions are reshaping the global operating landscape, potentially constraining our access to certain jurisdictions and limiting engagement with key counterparties.

Our Response

- **Flexible Investment Approach:** We remain open to opportunistic acquisitions and divestments across all ownership structures and stages of the value chain.
- **Strategic Partnerships:** We aim to collaborate with credible, like-minded partners to build a resilient mine-to-metals supply chain and undertake appropriate due diligence on those partners.
- **Jurisdiction & Geopolitical Monitoring:** We monitor geopolitical developments and explore government-supported programs in friendly jurisdictions to support portfolio growth.
- **Operational Excellence:** We focus on globally competitive cost structures and developing world-class capabilities in rare earth processing.

Access to people and talent

Opportunity	Threat
Our reputation as a diverse, innovative, and sustainable leader in critical minerals enhances talent attraction and retention. Leveraging our global model broadens access to skilled expertise, supporting business agility and succession planning	Failure to attract, engage, and retain critical expertise may undermine our reputation, financial performance, and ability to deliver on strategic objectives. In a competitive and evolving talent market, especially for critical minerals specialists, limited access to skilled professionals could constrain operational effectiveness and long-term growth.

Our Response

- **Culture-Aligned Leadership:** Our leadership and talent model promote behaviours aligned with our preferred culture and values.
- **Employee Value Proposition:** We engage proactively with employees and stakeholders to build trust and attract top talent.
- **Competitive Rewards:** We offer market-aligned, annually reviewed reward programs to support attraction, retention, and performance.
- **Strategic Talent Management:** We actively assess capability needs, refine retention strategies, and seek skilled talent to meet operational and project goals.



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Directors' Report

The Board of Directors (the Board or the Directors) of Australian Strategic Materials Limited (ASM or the Company) and its controlled entities (the Group) is pleased to present their Directors' Report together with the consolidated financial statements of the Group for the year ended 30 June 2025.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

I J Gandel	Non-Executive Chair
R J Smith	Managing Director and CEO
G M Smith	Non-Executive Director
K J Gleeson	Non-Executive Director
N P Earner[1]	Non-Executive Director
D J Heaton[2]	Non-Executive Director



[1] *Resigned 1 March 2025*

[2] *Appointed 19 February 2025*

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Information on Directors and Company Secretary

The following information is current at the date of this report.

Ian Jeffrey Gandel LLB, BEc, FCPA, FAICD – Non-Executive Chair

Mr Gandel is a successful Melbourne based businessman with extensive experience in retail management, retail property and mining. He has been a Director of the Gandel Retail Trust and has had an involvement in the construction and leasing of Gandel shopping centres. He has previously been involved in the Priceline retail chain and was the CEO of a chain of serviced offices. Mr Gandel has been an investor in the mining industry since 1994. Mr Gandel is currently a substantial holder in several publicly listed Australian companies and, through his private investment vehicles, now holds and explores tenements in his own right in both South Australia and Western Australia.

Mr Gandel has been a Non-Executive Director of ASM since 2014 and Non-Executive Chair since 2017, and is a member of ASM's Audit Committee, Nomination Committee, Remuneration Committee and Risk Committee.

Current listed Directorships also include Non-Executive Director of Alkane Resources Ltd (appointed July 2006, Chair from July 2017-August 2025).

Past listed Directorships (previous three years) include Alliance Resources Ltd (2003 to 2022).

Rowena Jane Smith B.Com, MAICD – Managing Director and Chief Executive Officer

Ms Smith has over 30 years' experience in the mining and minerals processing sector holding senior roles in strategy, operations and commercial. Prior to joining ASM, she was Chief Sustainability Officer at South32, accountable for sustainability strategy, risk management and HSE business processes.

Her other past roles include Vice President Supply at South32, General Manager of BHP's Kwinana Nickel Refinery, and operational leadership roles within Rio Tinto's aluminium smelting business.

Ms Smith was appointed Chief Executive Officer in July 2022 and Managing Director since March 2023. She is a member of ASM's Nomination Committee, Risk Committee and Audit Committee.

Gavin Murray Smith B.Com, MBA, MAICD – Non-Executive Director

Mr Smith is an accomplished senior executive and Non-Executive Director within multinational business environments. He has more than 35 years' experience in information technology, business development, and general management in a wide range of industries and sectors. As the Bosch Oceania Regional President, Mr Smith is the Managing Director of Robert Bosch Australia, and a Non-Executive Director of the various Bosch Subsidiaries and Joint Ventures in Australia and New Zealand. Mr Smith is member of the industry advisory boards of the CSIRO and the Victorian Skills Authority.

Mr Smith has been a Non-Executive Director of ASM since 2017 and is Chair of ASM's Remuneration Committee and Audit Committee, in addition to being a member of ASM's Risk Committee and Nomination Committee.

Past listed Directorships (previous three years) include Non-Executive Director of Alkane Resources Ltd (2017 to 2025).

Kerry Jo-Anne Gleeson LLB (Hons), FAICD – Non-Executive Director

Ms Gleeson is an experienced independent Non-Executive Director, Chair and Committee Member with over three decades of experience as a director, senior executive and board advisor of various ASX listed companies. Ms Gleeson has worked nationally and internationally across broad and complex industry sectors, including mining and resources, industrial and agrichemicals, manufacturing, transport and distribution and international education. Ms Gleeson is a qualified lawyer in both the UK and Australia, and spent 15 years in private practice, including as a partner of an English law firm, before emigrating to Melbourne and joining Blake Dawson Waldron (now Ashurst).

Ms Gleeson has been a Non-Executive Director of ASM since 2022 and is Chair of ASM's Risk Committee and Nomination Committee, in addition to being a member of ASM's Audit Committee and Remuneration Committee.

Current listed Directorships include Non-Executive Director of St Barbara Ltd (since 2015), Chair of St Barbara Ltd (since 2023), Non-Executive Director of Chrysos Corporation Ltd (since 2021), and Non-Executive Director of Downer EDI Ltd (since September 2025).

Past listed Directorships (previous three years) include Non-Executive Director of New Century Resources Ltd (2020 to 2023).

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Nicholas Paul Earner BEng (Hons) – Non-Executive Director

Mr Earner is a chemical engineer and a graduate of the University of Queensland with 30 years' experience in technical and operational optimisation and management and has held a number of executive roles in mining and processing.

Mr Earner was employed by Straits Resources Ltd for a four-year period, including two years as Executive General Manager – Operations, supervising up to 1,000 employees in open cut and underground gold mines and an underground copper mine. During the eleven years before that he had various roles at Rio Tinto Coal Australia's Mount Thorley Warkworth coal mine and BHPB/ WMC Olympic Dam copper-uranium-gold operations.

Mr Earner's eight years at Olympic Dam included roles managing the Concentrator and Hydromet functions which included substantial milling, leaching and solvent extraction circuits. His other positions included Production Superintendent – Smelting, and Senior Engineer – Process Control, Instrumentation and Communications.

Current listed Directorships also include Managing Director of Alkane Resources Ltd (since 2017).

Mr Earner resigned as Non-Executive Director of ASM on 1 March 2025.

Dominic John Heaton Bsc, MAICD – Non-Executive Director

Mr Heaton holds a Bachelor of Science from James Cook University and a Postgraduate Diploma in Mineral Processing from La Trobe University. He has further honed his executive leadership skills through the Advanced Management Program at the University of Melbourne, Mt Eliza.

As a Member of the Australian Institute of Company Directors, he has demonstrated a deep understanding of corporate governance, risk management, and strategic oversight in the mining sector.

Mr Heaton has held several high-profile leadership positions across various mining jurisdictions, including Southeast Asia, Australia and Europe. Previous roles include Managing Director at HC Starck GmbH and CEO of Masan High-Tech Materials in Vietnam, where he played a pivotal role in corporate strategy, acquisitions, and operational efficiency. Mr Heaton also runs his own business consulting firm specialising in mining and resource management.

Current listed Directorships also include Non-Executive Director of Asiamet Resources.

Mr Heaton was appointed as a Non-Executive Director on 19 February 2025.

Annaliese Eames LLB (Law) - Company Secretary and Chief Legal and External Affairs Officer

Ms Eames has more than 15 years of legal, commercial, strategic, and corporate governance experience. Her depth of knowledge covers large scale project contracting, corporate, finance and intellectual property law. Before joining ASM, Annaliese was Managing Counsel with BHP, and prior to this held a variety of roles with a range of companies in the mining industry.

Ms Eames has served as Company Secretary since January 2023.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Full Board		Nomination Committee		Risk Committee		Audit Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
I Gandel	13	13	4	4	3	3	3	3	3	3
R Smith*	13	13	4	4	3	3	3	3	3*	3
G Smith	13	13	4	4	3	3	3	3	3	3
N Earner Resigned 1 March 2025	6	13	4	4	1	3	1	3	1	3
K Gleeson	13	13	4	4	3	3	3	3	3	3
D Heaton Appointed 19 February 2025	6	13	0	4	1	3	2	3	2	3

Held: represents the number of meetings held during the financial year.

Directors are members of each committee unless otherwise noted.

*Indicates the Director was an invitee only, and not a member of the committee.

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Dividends

There were no dividends paid, recommended nor declared during the current or previous financial year.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Operating and Financial Review on pages 11 to 33 of this Annual Report.

Governance and Risk

The Group takes a pragmatic approach to risk management. The Directors provide oversight for risks and opportunities on a regular basis, ensuring that the Group's objectives and activities are aligned with our approach on how we manage these exposures.

ASM has a Risk Management Policy in place that guides the management of key business risks. In October 2022, the Directors approved a detailed system of risk management design and approach, the Risk Management System (RMS). The RMS framework sets the appropriate governance and provides a methodology for regular routines and tools to enable enterprise-wide management of threats and opportunities relevant to ASM's development, operations and strategic activities. The approach includes an implementation of an integrated technology platform to administer risks and event data. The platform will enable improved risk data transparency and reporting to management and the Board, for oversight and direction, as well as supporting an annual review of ASM's risk appetite.

The Group believes it is crucial for Directors to be part of this process and has an established Audit Committee and a Risk Management Committee with oversight of governance and risk activities. For more information on ASM's approach to Risk Management and our Strategic Business Risks, see pages 54 to 63 of this Annual Report.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Events since the end of the financial year

On 11 July 2025, ASM announced the results of its Heap Leach Scoping Study, evaluating a potential first-phase development of the Dubbo Project, focused on rare earth oxide production using a heap leach purification, separation and refining flowsheet.[1]

The high-level economic assessment outlines a potential phased implementation strategy, with the initial phase processing 1 million tonnes of material per annum to produce separated light and heavy rare earth oxides to meet growing global demand. The Scoping Study evaluates only the feasibility of the first phase.

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 flow generation.

On 15 July 2025, ASM announced the first sale of heavy rare earth metals, consisting of 2 kilograms of terbium (Tb) metal and 2 kilograms of dysprosium (Dy) metal, to Magnequench, a subsidiary of Neo Performance Materials Inc. (Neo), a leading global supplier of advanced materials.[2] These heavy rare earth metals were produced at ASM's Korean Metals Plant, marking a significant milestone in the Company's ongoing development of its heavy rare earth capabilities, and shipped to Neo's permanent magnet manufacturing facility in Estonia (see page 27 of this Annual Report for more information).

On 17 July 2025, ASM closed its underwritten Share Purchase Plan (SPP)[3] – launched on 16 June 2025. The SPP closed oversubscribed raising A$11,861,761 (before costs) via the issue of SPP Offer Shares at an offer price of A$0.5647 per SPP Offer Share.

SPP Offer Shares were issued at a 20% discount to the volume-weighted average market price (as defined in the ASX Listing Rules) for fully paid ordinary shares in ASM (Shares) calculated over the last five days on which sales in Shares were recorded prior to 24 July 2025 (the date on which the SPP Offer Shares were issued), being a 20% discount to A$0.7059. A total of 21,005,421 SPP Offer Shares were issued on 24 July 2025. The SPP Offer Shares ranked equally with existing Shares then on issue.

[1] *Refer ASX Release, 11 July 2025: Heap Leach Option delivers major cost reductions for Dubbo Project*

[2] *Refer ASX Release, 15 July 2025: Heavy rare earth metals sale & MOU with Neo Performance*

[3] *Refer ASX Release, 21 July 2025: Share Purchase Plan closes substantially oversubscribed*

On 28 July 2025, ASM announced that it had received binding commitments for a Placement to sophisticated and professional investors, comprising 23,021,074 new fully paid ordinary shares in the Company (New Shares) at an issue price of A$0.5647 per New Share - the same price as the SPP - to raise A$13 million before costs.

Of the New Shares under the Placement Mr Ian Gandel (the Company's Chair and major shareholder), and Mr Dominic Heaton (Non-Executive Director), agreed with the Company that they (or their nominee(s)) would subscribe for 1,770,852 New Shares and 53,126 New Shares respectively in the Placement at the Offer Price, (comprising A$1,000,000 and A$30,000 of the commitments for the Placement (Director Participation Shares). The issuance of the Director Participation Shares to Mr Gandel and Mr Heaton (or their respective nominee(s)) was subject to ASM shareholder approval, which was received at an extraordinary general meeting (EGM) of the Company on 11 September 2025.[1]

The Placement saw strong interest from new and existing domestic and international institutional investors, and cornerstone support from the major shareholder and Company Chair and from Company introduced investors.

Funds raised from both the SPP and Placement are primarily to be aimed towards progressing ASM's US metallisation expansion plans, supporting the ramp-up and building of further capability at the Korean Metals Plant and progression of the Dubbo Project Rare Earth Options Assessment.

Likely developments and expected results of operations

In line with details provided in the Operating and Financial Review of this Annual Report (pages 11 to 33), ASM intends to continue evaluation activities in relation to the Dubbo Project and the Heap Leach Scoping Study, progress the commercial ramp-up of the Korean Metals Plant, and explore opportunities to expand ASM's metallisation capability into the United States with a second metals plant.

Environment Regulation

The Group is bound by the requirements and guidelines of the relevant environmental protection authorities for the management and rehabilitation of mining tenements owned or previously owned by the Group. Mining tenements are being maintained and rehabilitated in accordance with these guidelines.

The Group is also bound by the requirements of its operating license in Korea. There have been no known breaches of any of these requirements and guidelines.

We continue to focus on ensuring positive relationships with regulators and local communities, and compliance with regulatory requirements in all jurisdictions in which we operate.

For a full review of ASM's environmental and social initiatives, refer to pages 36 to 53 of this Annual Report.

Corporate

Capital raising

See details of ASM's Share Purchase Plan and Placement capital raisings outlined above, 'Events since the end of the financial year'.

Korean loan facilities

In the final Quarter of FY25, the Group successfully executed two Korean loan facilities totalling ₩12 billion (A$13.6 million[2]) as part of a refinance of existing Korean loan facilities associated with ASM's Korean Metals Plant. The refinance followed a partial loan repayment of ₩3 billion (A$3.4 million[2]) to Korean Development Bank (KDB) on 10 June 2025. For further details on these facilities, please refer to Note 14 on page 103.

Resignation of Joint Company Secretary

Mr Dennis Wilkins resigned as Joint Company Secretary of ASM, effective as of 1 February 2025.[3] Ms Annaliese Eames has continued in the role of Company Secretary and Chief Legal and External Affairs Officer.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

[1] Refer ASX Release, 28 July 2025: Successful completion of Institutional Placement to raise A$13M

[2] Exchange rate as at 30 June 2025 (A$: ₩) - 884

[3] Refer ASX Release, 23 January 2025: Resignation of Joint Company Secretary

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Remuneration Report (audited)

The directors present the Australian Strategic Materials Limited 2025 Remuneration Report, outlining key aspects of our remuneration policy, framework and remuneration awarded this year. This Remuneration Report complements, and should be read in conjunction with, information contained in the Company's corresponding annual Corporate Governance Statement, available at www.asm-au.com.

This Remuneration Report has been prepared in accordance with Section 300A of the Corporations Act 2001(Cth) (Act) and is audited as required by section 208(3C) of the Act.

The report is structured as follows:

a) key management personnel (KMP) covered in this report;
b) remuneration policy;
c) remuneration framework;
d) elements of remuneration;
e) link between remuneration and performance;
f) statutory remuneration expenses for KMP;
g) contractual arrangements with executive KMP;
h) non-executive director arrangements; and
i) other statutory information.

a) Key management personnel (KMP) covered in this report

The Company's KMP named in this report are those with the authority and responsibility for planning, directing and controlling the activities of the Company. Details of KMP of the Company for the Financial Year ended 30 June 2025 are outlined below and each was a KMP for the entire period unless stated otherwise.

Name	Position	Term as KMP
Non-Executive Directors		
I Gandel	Non-executive Chair	Full financial year
G Smith	Non-executive Director	Full financial year
K Gleeson	Non-executive Director	Full financial year
D Heaton	Non-executive Director	Appointed 19 February 2025
N Earner	Non-executive Director	Resigned 1 March 2025
Executive Director and other KMP (being "Executive KMP")		
R Smith	Managing Director and Chief Executive Officer	Full financial year
C Jordaan	Chief Operating Officer	Full financial year
S Motteram	Chief Financial Officer	Full financial year

There have been no other changes to KMP since the end of the reporting period.

b) Remuneration policy

Our Remuneration Committee is made up of non-executive directors. The Remuneration Committee reviews and determines our Remuneration Policy and structure annually to ensure it remains aligned with the business needs of the Company and meets our remuneration principles. Every two years the Remuneration Committee also engages external consultants to assist with this review, see page 81 for further information. In particular, the Remuneration Committee aims to ensure that the Company's remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- align with the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

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The Remuneration Committee at the date of this report included G Smith (Chair), K Gleeson, D Heaton, and I Gandel, with R Smith as an invitee. The Remuneration Committee operates in accordance with the Remuneration Committee Charter, which is available on our website: asm-au.com.

c) Remuneration Framework

Our remuneration framework aims to achieve a balance between fixed and performance related components such that it incentivises a high performing executive team. The following table illustrates the components of the remuneration for Executive KMP based on maximum short-term incentive (STI) and long-term incentive (LTI) opportunities for Financial Year 2025 (FY25) and prospectively for Financial Year 2026 (FY26).

Remuneration framework

Element	Purpose	Performance metrics	Potential value	Changes for FY26
Total fixed remuneration (TFR)	Provide a competitive market remuneration package, including a salary and superannuation (which together are referred to as "Fixed Remuneration" or "FR") plus non-monetary benefits	Nil	Positioned at market rate	No change
STI	Reward for in-year Company performance and retention via STI performance rights, which vest subject to performance conditions being met in the annual performance scorecard. Performance is assessed at the end of the Financial Year. Half of the performance rights that meet the performance conditions vest after conclusion of the performance period and vesting of the remaining half deferred for 24 months after conclusion of the performance period.	Aligned with the weighted performance scorecard set for the financial year	Managing Director & CEO: 80% of FR Executive KMP: 50% of FR	No change
LTI	Reward for long-term shareholder value performance via LTI performance rights, which vest subject to the relevant performance condition being met.	Based on the long-term share performance calculated based on the VWAP over the 20 trading days up to and including 30 June 2027.	Managing Director & CEO: 80% of FR Executive KMP: 50% of FR	No change

Balancing short-term and long-term performance

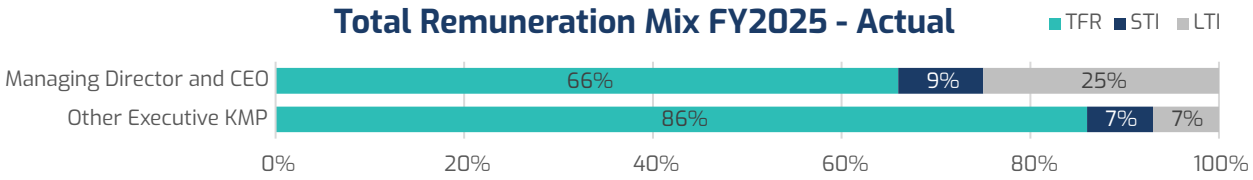
STI and LTI incentives are set at a maximum range between 50% and 80% of FR, in order to drive performance without encouraging undue risk-taking. From FY25, the structure of the STI incentives also provided that half of the STI performance rights which meet performance conditions will vest as soon as possible after the Board's determination and vesting of the remaining half would be deferred 24 months after the conclusion of the performance period and remain subject to continuing employment. These changes align with market practice and also encourage executive talent retention through the structure of the STI awards. Additionally, any deferred STIs will be subject to clawback provisions in the event of malus.

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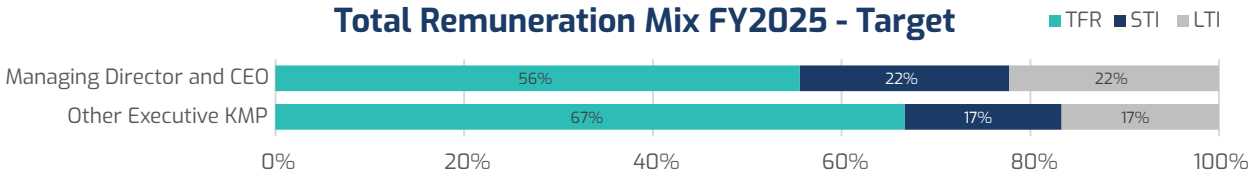
Aligned with long-term shareholder value LTIs are assessed after a three-year period based on share price performance and are designed to promote sustained shareholder returns and executive retention.

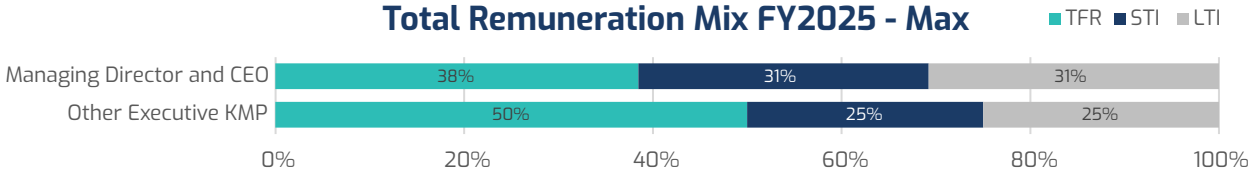
Remuneration Mix FY25

The chart below reflects ASM's overall remuneration mix for FY25, demonstrating the mix of fixed and at risk remuneration, the STI and the LTI.



The following charts reflect the mix of FR and at-risk KMP remuneration for FY25 at target and maximum level. Note that target assumes that 50% of the maximum potential STI and LTI remuneration is achieved.





Assessing performance and claw-back of remuneration

The Remuneration Committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the Remuneration Committee receives detailed reports on performance from management based on independently verifiable data such as financial measures and data from independent surveys.

In the event of serious misconduct or a material misstatement in the Company's financial statements, the Remuneration Committee can recommend to the Board that it cancel or defer performance-based remuneration, and the Board may also claw back performance-based remuneration in previous financial years, including any deferred STI performance rights that have not been vested.

d) Elements of remuneration

i) Total fixed annual remuneration (TFR)

Executive KMP may receive their fixed remuneration as cash, or cash with non-monetary benefits such as insurances and allowances. TFR is reviewed every two years or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The Remuneration Committee aims to position the TFR for Executive KMP at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

Superannuation is included in the TFR for all Executive KMP. During FY25, no increase to the TFR of Executive KMP was made.

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ii) Short-term incentives (STI) FY25

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Maximum opportunity</td><td>Managing Director & CEO up to 80% of FR and other Executive KMP up to 50% of FR</td></tr>
<tr><td>Performance metrics</td><td>The STI metrics align with our strategic priorities being market competitiveness, operational excellence, shareholder value and fostering talented and engaged people.
<table>
<tr><th>Performance criteria</th><th>Weighting</th><th>Maximum (100% vesting)[1]</th><th>Reason for selection</th></tr>
<tr><td>ASM Group Cash Balance at 30 June</td><td>25%</td><td>>$30m</td><td>Reflects commitment to cost control and fund raising required to support the Group's growth strategy</td></tr>
<tr><td>Dubbo Project - Develop and progress the Rare Earth Option Assessment (REOA)</td><td>30%</td><td>REOA completed and Bankable Feasibility Study commenced</td><td>Aligned with the Group's strategic objective to identify alternative pathways to develop the Dubbo Project</td></tr>
<tr><td>Korean Metals Plant ramp up - sign offtake contract(s) for alloy and metal products for FY25-FY28</td><td>25%</td><td>>3,500t total</td><td>Focus on the Group's metal/ alloy growth strategy for next 4 years</td></tr>
<tr><td>Dubbo Project - Light rare earth (LRE) offtake volume, non-binding commitment agreed</td><td>10%</td><td>80% of total Dubbo Project LRE tonnes</td><td>Aligned with the Group's Dubbo Project development and funding strategy</td></tr>
<tr><td>Sustainalytics rating movement through delivery of ESG improvements</td><td>10%</td><td>Medium score <=25</td><td>Reflects ASM's commitment to integrated sustainability</td></tr>
</table></td></tr>
<tr><td>Delivery of STI</td><td>After the end of the performance period (being end of FY25) the Board will determine the number of performance rights to vest based on weighted performance metrics as above (Vesting STI Performance Rights).
• 50% of the Board approved Vesting STI Performance Rights will vest as soon as possible after the Board's determination of the performance metrics for FY25.
• The remaining 50% of the Vesting STI Performance Rights will vest on the date that is two years following the end of FY25 (being 30 June 2027) subject to the Executive KMP continuing to be employed by the Company on such date. This encourages retention and shareholder alignment.</td></tr>
<tr><td>No vesting</td><td>Notwithstanding the above, no FY25 STI Performance Rights will be determined to vest if during the Performance Period prior to the vesting of such FY25 STI Performance Rights any of the following occurs:
(a) a fatality;
(b) a material adverse ESG event which in the Board's opinion is material; or
(c) a regulatory breach which in the Board's opinion materially impacts the Company's reputation or license to operate.</td></tr>
<tr><td>Forfeiture and termination</td><td>Performance rights will lapse if the performance conditions are not met or if in the opinion of the Board, the participant has acted fraudulently, dishonestly, or in breach of their obligations. Performance rights will be forfeited on cessation of employment unless the Board determines that there is a qualifying reason (which includes death, total and permanent disablement, retirement or any other reason determined by the Board in its discretion).</td></tr>
</table>

1 Achieving lesser outcomes than the maximum (100% vesting) targets triggers vesting of lower percentages of the relevant FY25 STI Performance Rights.

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iii) Long-term incentives (LTI)

Executive KMP participate, at the Board's discretion, in the LTI plan comprising annual grants of performance rights, which are subject to using one performance condition, share price growth measured after a three year period. The structure of the long-term incentive plan is shown in the table below.

Feature	Description
Maximum opportunity	Managing Director & CEO up to 80% of FR and Executive KMP up to 50% of FR
Performance metrics	The number of Performance Rights that may vest will be determined by the Board based on the Performance Criteria set out below. **Metric - Weighting Band** / **0%** / **100%** FY27 Share Price / $1.26 / $2.53 The Starting Share Price of $0.83 is the 20-day VWAP of Shares as at 30 June 2024 (rounded to two decimal places). The threshold (being 0%) represents a 15% CAGR on the Starting Share Price and the maximum (100%) represents a 45% CAGR on the Starting Share Price.
Delivery of LTI Performance Rights	The number of LTI Performance Rights to vest will be determined as per the table above using the VWAP calculated over the 20 trading days up to and including 30 June 2027 (**Determined Share Price**). If the Determined Share Price falls between the threshold and maximum levels, a proportional number of Performance Rights may vest: • Threshold Share Price: A$1.26 – if the Determined Share Price is below this, no LTI Performance Rights will vest. • Maximum Share Price: A$2.53 or higher – if the Determined Share Price reaches or exceeds this, 100% of the LTI Performance Rights will vest. This is designed to focus executives on delivering sustainable long-term shareholder returns.
No vesting	Notwithstanding the above, no FY25 LTI Performance Rights will be determined to vest if during the Performance Period prior to the vesting of such FY25 LTI Performance Rights any of the following occurs: (a) a fatality; (b) a material adverse ESG event which in the Board's opinion is material; or (c) a regulatory breach which in the Board's opinion materially impacts the Company's reputation or license to operate.
Forfeiture and termination	Performance rights will lapse if the performance conditions are not met or if in the opinion of the Board, the participant has acted fraudulently, dishonestly, or in breach of their obligations. Performance rights will be forfeited on cessation of employment unless the Board determines that there is a qualifying reason (which includes death, total and permanent disablement, retirement or any other reason determined by the Board in its discretion).

e) Link between remuneration and performance

FY25 performance and impact on remuneration

During FY25, the global rare earths and critical minerals sector experienced heightened volatility, significantly influenced by China's supply chain dominance and increased export restrictions. The policy direction of the newly elected Trump Administration and escalating trade tensions with other key markets intensified that uncertainty for international supply chains and investment environments. In this rapidly changing geopolitical environment, the Group has focused on the execution of its mine to metals strategy and delivered steady operational performance, underpinned by disciplined cash management including the successful refinancing our Korea debt facilities and the

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award of International Partnerships in Critical Minerals (IPCM) grant funding from the Australian Federal Government.

In Korea, the Group's flagship metals plant has continued to enhance its metallisation capability and progress production ramp-up. Over the year, technical validation processes for multiple customers, including KMMI (Korea), USA Rare Earth (USA), Noveon Magnetics (USA), Neo Performance Materials (Canada), Vacuumschmelze (Germany), and GKN Automotive (UK) have all been advanced, demonstrating the growing international reputation of the Korean Metals Plant (KMP) and potential for growth. When China enforced export restrictions on heavy rare earth element products in 2025, the KMP experienced a material increase in product enquiries and the Group subsequently made its first heavy rare earth metals sales to Magnequench in July 2025. While sales volumes were below expectations, the KMP's enhanced metallisation capability and strong customer engagement positions the Group positively as the market continues to grow.

At the Dubbo Project – the cornerstone of ASM's mine to metals strategy – the Group progressed the Rare Earth Options Assessment (REOA). The REOA aims to deliver lower capital and shorter implementation options to recover light and heavy rare earth elements from the Dubbo Project. Significant work was conducted during the year, with four potential alternative options identified. In June, the Group announced encouraging rare earth recovery results for the heap leach processing option and subsequently released the Heap Leach Scoping Study on 11 July 2025. The Scoping Study sets out a transformational approach for the Dubbo Project, delivering major cost reductions and a potential phased development approach that will focus on rare earth oxide production first. While no binding offtake agreements were concluded for the Dubbo Project during the year, the technical advancement of the Scoping Study, combined with increased engagement in prospective offtake markets, continues to strengthen the Group's strategic momentum and global opportunity.

The Group has continued to conduct activities in all jurisdictions with ESG at the forefront of its strategy. As such, the Group received an improved ESG rating from Morningstar Sustainalytics, reflecting its commitment to responsible and sustainable development.

For further detail on strategic priorities and FY25 outcomes, refer to the Operating and Financial Review commencing on page 11 of this report.

Performance against key measures and impact on variable remuneration

Metric	Weighting	Performance	Impact on incentive award
STI	**46% of the maximum STI awarded**		
ASM Group Cash Balance as at 30 June	25%	Group cash $19m at year end as a result of strong cash management, successful refinancing of the Korean debt facilities and securing funding from the Australian Federal Government under the International Partnerships in Critical Minerals grant	Partially achieved
Dubbo Project - Develop and progress the Rare Earth Option Assessment (REOA)	30%	ASM completed the REOA, identifying the Heap Leach as a preferred option, with the Scoping Study well progressed as at 30 June and PFS commencement approved	Partially achieved
Korean Metals Plant ramp-up - sign offtake contract(s) for alloy and metal products for FY25-FY28	25%	ASM continued to progress customer qualification processes and secured orders for both samples and commercial sales for FY25-FY26 delivery	Progressed but not achieved
Dubbo Project - Light rare earth(LRE) offtake volume, non-binding commitment agreed	10%	Offtake discussions continued to progress and binding offtake commitment remains a key target	Progressed but not achieved
Sustainalytics rating movement through delivery of ESG improvements	10%	Improved Morningstar Sustainalytics ESG Risk Rating from previous score of medium 27.7 to medium 25.6	Partially achieved

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As a result of the continued strategic development, the Board awarded Executive KMP 46% of their maximum short-term incentives. Executive KMP will receive the STI Performance Rights subject to the required service and other conditions as per the ASM Performance Rights Plan. These equity instruments were granted under ASM Performance Rights Plan as approved by shareholders at the 2024 Annual General Meeting.

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years, as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to all Executives KMP. Consequently, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Statutory key performance indicators over the last five years	2025	2024	2023	2022	2021
Loss for the year attributable to owners of Australian Strategic Materials Limited ($'000)	(24,555)	(25,175)	(26,303)	(24,257)	(809)
Basic loss per share (cents)	(14)	(15)	(17)	(17)	(1)
Increase / (decrease) in share price (%) on prior year	(35)	(29)	(68)	(56)	458
Share price at period end	0.505	0.78	1.10	3.45	7.80

f) Statutory remuneration expenses for KMP

The following table shows details of the remuneration expense recognised for the Group's non-executive directors and Executive KMP for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Total Fixed Remuneration					Variable Remuneration	
Name	Year	Salary and fees $	Non-monetary benefits[9] $	Annual and long service leave[6] $	Post-employment benefits[7] $	Other[8] $	Share-based payments[10] $	Total $
Non-Executive Directors								
I Gandel	**2025**	**170,404**	**-**	**-**	**19,596**	**-**	**-**	**190,000**
	2024	171,171	-	-	18,829	-	-	190,000
G Smith	**2025**	**140,899**	**-**	**-**	**-**	**-**	**-**	**140,899**
	2024	140,899	-	-	-	-	-	140,899
K Gleeson	**2025**	**133,094**	**-**	**-**	**15,306**	**-**	**-**	**148,400**
	2024	133,694	-	-	14,706	-	-	148,400
D Heaton[1]	**2025**	**41,342**	**-**	**-**	**4,754**	**-**	**-**	**46,096**
	2024	-	-	-	-	-	-	-
Executive Director and other KMP								
R Smith	**2025**	**580,068**	**40,642**	**37,508**	**29,932**	**-**	**349,881**	**1,038,031**
	2024	582,600	7,756	62,757	27,399	-	376,967	1,057,479
C Jordaan[3]	**2025**	**500,068**	**41,447**	**8,229**	**29,932**	**-**	**102,581**	**682,257**
	2024	430,432	4,162	34,661	26,433	-	97,024	592,172
S Motteram[4]	**2025**	**490,068**	**23,028**	**19,639**	**29,932**	**-**	**80,063**	**642,730**
	2024	218,512	4,752	6,499	13,699	-	36,989	280,451

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		Total Fixed Remuneration					Variable Remuneration	
		Salary and fees	Non-monetary benefits[9]	Annual and long service leave[6]	Post-employment benefits[7]	Other[8]	Share-based payments[10]	Total
Name	Year	$	$	$	$	$	$	$
Former Director and former KMP								
N Earner[2]	**2025**	**76,234**	**-**	**-**	**8,766**	**-**	**-**	**85,000**
	2024	114,797	-	-	12,703	-	-	127,500
J Clifton[5]	**2025**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2024	172,681	45,347	-	12,848	41,722	-	272,598
Total KMP remuneration expensed	**2025**	**2,132,177**	**105,117**	**65,376**	**138,218**	**-**	**532,525**	**2,973,413**
	2024	**1,964,786**	**62,017**	**103,917**	**126,617**	**41,722**	**510,980**	**2,810,039**

1 D Heaton was appointed as Non-Executive Director effective 19 February 2025.

2 N Earner resigned as Non-Executive Director effective 1 March 2025.

3 C Jordaan was appointed as Chief Operating Officer effective 24 August 2023.

4 S Motteram was appointed as Chief Financial Officer effective 22 January 2024.

5 J Clifton resigned as Chief Financial Officer effective 10 November 2023.

6 Represents the net movement in the annual leave and long service leave provisions during the year.

7 Post-employment benefits are provided through superannuation contributions.

8 Other benefits consists of employee termination benefits including leave entitlements.

9 Non-monetary benefits include parking, phone, insurance and FBT tax paid.

10 Share-based payments represent the annual accounting expense for the STI Performance Rights and the LTI Performance Rights, and not the actual value received.

The proportion of remuneration linked to performance and the total fixed remuneration proportion are as follows:

	Total Fixed Remuneration		At risk – STI and LTI	
	2025	2024	2025	2024
Non-Executive Directors				
I Gandel	100%	100%	-	-
G Smith	100%	100%	-	-
K Gleeson	100%	100%	-	-
D Heaton	100%	-	-	-
N Earner	100%	100%	-	-
Executive Director and other Executive KMP				
R Smith	66%	64%	34%	36%
C Jordaan	85%	84%	15%	16%
S Motteram	88%	87%	12%	13%
Former Director and former KMP				
N Earner	100%	100%	-	-
J Clifton	-	100%	-	-

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g) Contractual arrangements with Executive KMP

Component	Managing Director & CEO	Executive KMP
Total Fixed Remuneration	$610,000	Between $520,000 and $530,000
Contract duration	Ongoing	
Notice by individual / company (without cause)	3 months	
Termination of employment (without cause)	Additional 3 months payment STI and LTI become vested and exercisable subject the terms of the applicable employee incentive arrangements	
Termination of employment by company (with cause)	Immediate with no notice period STI and LTI forfeited on cessation of employment	

Different contractual terms apply to the following individual:

- R Smith's employment contract included a sign on issue of performance rights, these rights were issued on 5 July 2021 and included in the remuneration disclosure on page 80. These sign on rights were issued in two tranches one which has vested on 5 July 2024 and the other which will vest on 5 July 2026 subject to continued employment.

h) Non-executive director arrangements

Non-executive directors receive a board fee and fees for chairing or participating on board committees, see table below. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The Chair does not receive additional fees for participating in or chairing committees.

Fees are reviewed periodically by the Board taking into account comparable roles and market data provided by the Board's independent remuneration adviser. The current base fees did not change from the previous financial year.

The maximum annual aggregate directors' fee pool limit is $950,000 and was approved by shareholders at the annual general meeting on 30 November 2021.

	Board	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
	$	$	$	$	$
Chair of the Board[1]	190,000	-	-	-	-
Other Non-Executive Directors	103,000	-	-	-	-
Committee Chair	-	14,400	14,400	15,000	15,000
Committee Member	-	8,500	8,500	7,500	-

[1] *Inclusive of committee participation*

All non-executive directors enter into a service agreement with the Company which summarises the board policies and terms, including remuneration, relevant to the office of the director.

i) Other statutory information

i) Performance based remuneration granted and forfeited during the year

Table below shows for each Executive KMP the value of performance rights that were granted, awarded and forfeited during FY25. The number of options and deferred shares and percentages vested/forfeited for each grant are disclosed in section (iii) on page 79 opposite.

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	Total STI			LTI Performance Rights	
2025	Total opportunity	Awarded	Forfeited	Value granted[1]	Value exercised
	$	%	%	$	$
R Smith	293,978	46%[2]	54%[2]	94,072	-
C Jordaan	159,640	46%[2]	54%[2]	51,084	-
S Motteram	156,632	46%[2]	54%[2]	50,121	-
Total	**610,250**			**195,277**	**-**

[1] The value at grant date calculated in accordance with AASB 2 Share-based Payment of performance rights granted during the year as part of remuneration.

[2] STI granted for 2025 were measured based on performance criteria subsequent to the year end with 46% awarded and 54% forfeiture during August 2025.

ii) Terms and conditions of the share-based payment arrangements

Performance rights of KMP

STI and LTI Performance Rights were granted to Executive KMP during the year. Performance rights vest proportionally, subject to performance conditions over 12 months (for STI) or long term share price performance after three years (for LTI) from the grant date. On vesting and exercise, each performance right is convertible into one ordinary share. The Executive KMP do not receive any dividends and are not entitled to vote in relation to the performance rights during the vesting period. If an Executive KMP ceases employment before the performance rights vest, the performance rights will be forfeited, except in limited circumstances as described in the ASM Performance Rights Plan as approved by shareholders at the 2024 Annual General Meeting.

The fair value is measured using the Monte Carlo valuation method for LTI and the Binominal Tree valuation method for STI at the grant date of the performance rights. Refer to the disclosure in Note 26 to the Financial Statements for the key variables used in the valuation of each performance rights and options granted to KMP during the year ended 30 June 2025.

Grant date	Vesting date	Grant date value
22 June 2021	5 July 2024	$6.40
22 June 2021	5 July 2026	$6.40
19 December 2022	30 June 2025	$0.64
23 November 2023	30 June 2026	$0.92
29 November 2023	30 June 2026	$0.80
30 May 2024	30 June 2026	$0.40
20 January 2025	30 June 2027	$0.16
20 January 2025	30 June 2025	$0.50

iii) Reconciliation of options, performance rights and ordinary shares held by KMP

The number of options held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below. There were no options exercised or lapsed during FY25. The following options were acquired by the KMP as part of Company capital raising activities during FY24 and not issued as part of remuneration.

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	Balance at the start of the year[3]	Received during the year as part of remuneration	Forfeited / lapsed	Net change other	Balance at the end of the year
Non-Executive Directors					
I Gandel	847,410	-	-	-	847,410
G Smith	2,213	-	-	-	2,213
K Gleeson	723	-	-	-	723
D Heaton[1]	n/a	-	-	-	-
N Earner[2]	4,184	-	-	(4,184)[2]	-
Executive Director and other KMP					
R Smith	419	-	-	-	419
C Jordaan	-	-	-	-	-
S Motteram	102,500	-	-	-	102,500

[1] D Heaton was appointed as Non-Executive Director effective 19 February 2025.

[2] N Earner resigned as Non-Executive Director effective 1 March 2025.

[3] Represents options purchased by directors and other KMP as part of ASM capital raising activities during FY24.

The table below shows how many performance rights were granted, vested and forfeited during the year.

Name	Year granted	Balance at the start of the year	Granted during the year	Performance rights				Balance at the end of the year (unvested)	Balance at the end of the year (vested and not exercised)	Maximum value yet to vest[2]
				Vested		Forfeited / Lapsed				
		Number	Number	Number	%	Number	%	Number	Number	$
R Smith										
	2021 - LTI	54,714[1]	-	(27,357)	50	-	-	27,357	27,357	175,085
	2023 - LTI	265,390	-	-	-	-	-	265,390	-	169,850
	2024 - LTI	443,636	-	-	-	-	-	443,636	-	408,145
	2024 - STI	166,363	-	(58,227)	35	(108,136)	65	-	-	-
	2025 - LTI	-	587,952	-	-	-	-	587,952	-	94,072
	2025 - STI	-	587,952	-	-	-	-	587,952	-	293,977
C Jordaan										
	2024 - LTI	137,424	-	-	-	-	-	137,424	-	109,939
	2024 - STI	123,220	-	(43,127)	35	(80,093)	65	-	43,127	-
	2025 - LTI	-	319,278	-	-	-	-	319,278	-	51,084
	2025 - STI	-	319,278	-	-	-	-	319,278	-	159,640
S Motteram										
	2024 - LTI	115,292	-	-	-	-	-	115,292	-	46,117
	2024 - STI	62,385	-	(21,834)	35	(40,551)	65	-	-	-
	2025 - LTI	-	313,254	-	-	-	-	313,254	-	50,121
	2025 - STI	-	313,254	-	-	-	-	313,254	-	156,629

[1] LTI's performance rights were issued to R Smith as sign-on incentives for the commencement of her employment. 50% vested after three years on 5 July 2024 and 50% will vest after five years on 5 July 2026. The performance rights had a service condition, and there are no performance conditions associated with these rights.

[2] The maximum value of the performance rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed. The minimum value of performance rights yet to vest is nil, as the performance rights will be forfeited if the vesting conditions are not met.

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Assessing performance and claw-back of remuneration

The Board has ultimate discretion to adjust the STI and LTI outcomes downwards (including zero), in exceptional circumstances, where the STI and LTI generated outcomes are inconsistent with the Company's performance or resulted in misalignment with shareholders (e.g. fatality, financial misstatement, misconduct, reputational damage, etc.). If the Board determines an Executive KMP has acted dishonestly, fraudulently or is breached of their obligations they may determine that any unvested or vested but unexercised performance rights will lapse.

iv) Shareholdings

The number of shares in the Company held during the financial year by each director and other Executive KMP of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Received on vesting of performance rights to shares	Net change other	Balance at the end of the year
Non-Executive Directors				
I Gandel	34,743,658	-	-	34,743,658
G Smith	90,672	-	-	90,672
K Gleeson	29,625	-	-	29,625
D Heaton[1]	n/a	-	-	-
N Earner[2]	171,526	-	(171,526)[2]	-
Executive Director and other KMP				
R Smith	17,165	58,227	-	75,392
C Jordaan	-	-	-	-
S Motteram	102,500	21,834	-	124,334

[1] D Heaton was appointed as Non-Executive Director effective 19 February 2025.

[2] N Earner resigned as Non-Executive Director effective 1 March 2025.

v) Reliance on external remuneration consultants

The Company did not engage any external remuneration consultants during the financial year.

vi) Voting of shareholders at last year's Annual General Meeting

Australian Strategic Materials Limited received more than 92% of "yes" votes on its Remuneration Report for the 2024 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This concludes the Remuneration Report, which has been audited.

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Indemnity and insurance of officers

During the financial year, the Company paid a premium in respect of a contract to insure the Directors, officers and company secretaries of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has entered into deeds of indemnity, access and insurance (**Deeds**) with each of the Directors. These Deeds remain in effect as at the date of this report. Under the Deeds, the Company indemnifies each Director to the maximum extent permitted by law against legal proceedings or claims made against or incurred by a Director in connection with being a Director of the Group or breach by the Group of its obligations under a Deed.

No liability has arisen under this indemnity as at the date of this report.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Audit and non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors, in accordance with advice provided by the Audit Committee, are of the opinion that the services as disclosed in Note 27 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' Report.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

The Financial Report has been prepared in Australian dollars and all values are rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Rowena Smith

Managing Director and CEO
23 September 2025

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Auditor's Independence Declaration

As lead auditor for the audit of Australian Strategic Materials Limited for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Strategic Materials Limited and the entities it controlled during the period.



Ian Campbell
Partner
PricewaterhouseCoopers

Perth
23 September 2025

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Financial Report



Australian Strategic Materials Limited

Financial Statements Contents

30 June 2025

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General information

The financial statements cover Australian Strategic Materials Limited as a Group consisting of Australian Strategic Materials Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Australian Strategic Materials Limited's functional and presentation currency.

Australian Strategic Materials Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Australian Strategic Materials Limited
Level 4, 66 Kings Park Road, West Perth, Western Australia

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the directors on 23 September 2025. The directors have the power to amend and reissue the financial statements.

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Australian Strategic Materials Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2025

	Note	2025 $'000	2024 $'000
Revenue	3	3,168	3,106
Cost of sales		(1,679)	(2,497)
Gross profit		1,489	609
Other income		1,921	2,556
Expenses			
Operating expenses	4	(9,847)	(7,223)
Professional fees and consulting services		(1,412)	(1,704)
Employee remuneration		(8,130)	(8,837)
Share-based payments	26	(963)	(488)
Directors' fees and salaries		(1,559)	(1,260)
General and administration expenses		(3,197)	(4,317)
Pastoral company expenses		(691)	(953)
Depreciation and amortisation expense		(1,786)	(1,756)
Fair value movement in biological assets		67	(899)
Finance costs	5	(1,014)	(879)
Net foreign exchange gain		-	4
Loss before income tax		(25,122)	(25,147)
Income tax benefit/(expense)	6	567	(28)
Loss after income tax for the year		(24,555)	(25,175)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Gain/(loss) on translation of foreign operations		710	(1,592)
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plan		(130)	(157)
Other comprehensive income/(loss) for the year, net of tax		580	(1,749)
Total comprehensive loss for the year		(23,975)	(26,924)
Loss for the year is attributable to:			
Non-controlling interest		14	(28)
Owners of Australian Strategic Materials Limited		(24,569)	(25,147)
		(24,555)	(25,175)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		14	(28)
Owners of Australian Strategic Materials Limited		(23,989)	(26,896)
		(23,975)	(26,924)
		Cents	Cents
Basic loss per share	28	(14)	(15)
Diluted loss per share	28	(14)	(15)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Australian Strategic Materials Limited

Consolidated balance sheet

As at 30 June 2025

	Note	2025 $'000	2024 $'000
Assets			
Current assets			
Cash and cash equivalents	7	19,013	47,602
Trade and other receivables	8	1,115	1,298
Inventories	9	9,553	17,750
Biological assets		383	379
Total current assets		30,064	67,029
Non-current assets			
Property, plant and equipment	10	72,570	68,171
Intangible assets	12	394	1,454
Exploration and evaluation assets	11	122,952	121,214
Biological assets		1,015	925
Other assets		178	172
Total non-current assets		197,109	191,936
Total assets		227,173	258,965
Liabilities			
Current liabilities			
Trade and other payables	13	3,302	4,803
Interest bearing liabilities	14	13,666	16,531
Provisions	15	831	592
Unearned revenue	16	2,479	11,221
Total current liabilities		20,278	33,147
Non-current liabilities			
Interest bearing liabilities	14	387	324
Deferred tax	6	17,405	18,075
Provisions	15	2,898	2,825
Unearned revenue	16	4,735	-
Total non-current liabilities		25,425	21,224
Total liabilities		45,703	54,371
Net assets		181,470	204,594
Equity			
Issued capital	17	281,350	281,462
Other equity	18	1,922	1,922
Reserves	19	15,295	13,752
Accumulated losses		(117,129)	(92,560)
Equity attributable to the owners of Australian Strategic Materials Limited		181,438	204,576
Non-controlling interest		32	18
Total equity		181,470	204,594

The above consolidated balance sheet should be read in conjunction with the accompanying notes

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Australian Strategic Materials Limited

Consolidated statement of changes in equity

For the year ended 30 June 2025

	Note	Issued capital $'000	Other equity $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2023		**268,316**	**-**	**15,013**	**(67,413)**	**46**	**215,962**
Loss after income tax for the year		-	-	-	(25,147)	(28)	(25,175)
Other comprehensive loss for the year, net of tax		-	-	(1,749)	-	-	(1,749)
Total comprehensive loss for the year		**-**	**-**	**(1,749)**	**(25,147)**	**(28)**	**(26,924)**
Contributions of equity, net of transaction costs	17,18	13,097	1,922	-	-	-	15,019
Share-based payments	26	-	-	488	-	-	488
Deferred tax recognised in equity	17	49	-	-	-	-	49
Balance at 30 June 2024		**281,462**	**1,922**	**13,752**	**(92,560)**	**18**	**204,594**

	Note	Issued capital $'000	Other equity $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2024		**281,462**	**1,922**	**13,752**	**(92,560)**	**18**	**204,594**
Gain/(loss) after income tax for the year		-	-	-	(24,569)	14	(24,555)
Other comprehensive income for the year, net of tax		-	-	580	-	-	580
Total comprehensive income/(loss) for the year		**-**	**-**	**580**	**(24,569)**	**14**	**(23,975)**
Contributions of equity, net of transaction costs	17	(214)	-	-	-	-	(214)
Share-based payments	26	-	-	963	-	-	963
Deferred tax recognised in equity	17	102	-	-	-	-	102
Balance at 30 June 2025		**281,350**	**1,922**	**15,295**	**(117,129)**	**32**	**181,470**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

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Australian Strategic Materials Limited

Consolidated statement of cash flows

For the year ended 30 June 2025

	Note	2025 $'000	2024 $'000
Cash flows from operating activities			
Receipts from customers		3,073	4,001
Payments to suppliers and employees		(23,698)	(24,822)
		(20,625)	(20,821)
Interest received		1,519	2,027
Other income		2,978	3,188
Finance costs paid		(31)	(16)
Net cash outflow from operating activities	**20**	**(16,159)**	**(15,622)**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,591)	(2,103)
Payments for exploration and evaluation		(10,644)	(12,953)
Payments for the purchase of biological assets		(47)	(230)
Proceeds from sale of property, plant and equipment		3	-
Payments for patents		-	(108)
Proceeds from government grants received		4,277	7,702
Net cash outflow from investing activities		**(8,002)**	**(7,692)**
Cash flows from financing activities			
Proceeds from issue of shares	17,18	-	16,647
Repayment of borrowings		(3,382)	-
Payments of interest		(1,012)	(726)
Share issue transaction costs		(136)	(1,576)
Net cash (outflow)/inflow from financing activities		**(4,530)**	**14,345**
Net decrease in cash and cash equivalents		(28,691)	(8,969)
Cash and cash equivalents at the beginning of the financial year		47,602	56,655
Effects of exchange rate changes on cash and cash equivalents		102	(84)
Cash and cash equivalents at the end of the financial year	**7**	**19,013**	**47,602**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

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Australian Strategic Materials Limited

Notes to the consolidated financial statements

30 June 2025

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Note 1. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Accounting policies

Material accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. Where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

Key estimates and judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:
Note 6 'Income tax'
Note 9 'Inventories'
Note 10 'Property, plant and equipment'
Note 11 'Exploration and evaluation assets'
Note 15 'Provisions'
Note 26 'Share-based payments'

New or amended Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of any new or amended Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Reclassifications of items in the financial statements

Minor reclassifications of items in the financial statements of the previous period have been made in accordance with the classification of items in the financial statements for the year ended 30 June 2025.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

The Group has cash outflows from operating activities of $16.2 million and investing activities of $8.0 million for the year ended 30 June 2025 (30 June 2024: cash outflows from operating activities of $15.6 million and investing activities of $7.7 million). At 30 June 2025, the Group had cash on hand of $19.0 million (30 June 2024: $47.6 million). The Group has net working capital as at 30 June 2025 of approximately $9.8 million and outstanding commitments of $19.5 million relating to Korean Metals Plant feedstock supply and equipment, Dubbo front end engineering design, Dubbo land acquisitions, and exploration obligations (refer Note 23).

Based on the Group's cash flow forecast, the Group may require additional funding to enable the Group to continue to realise its strategic business activities and meet all associated corporate, exploration, construction and development commitments.

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Note 1. Basis of preparation (continued)

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group:

- Continuing to source new customers for the sale of products produced from the Korean Metals Plant and offtake agreements for the Dubbo Project.
- Refinancing the borrowings of $13.6 million from two Korean banks.
- Raising additional equity capital. The Directors are of the view that the Group will be able to raise further equity capital as they were successful in raising $24.9 million in July 2025, $16.6 million in June 2024 and $41.1 million in November 2022 (before costs).
- Obtaining project funding for the Dubbo Project. ASM continues to engage with global banks, export credit agencies and government agencies to progress funding options for the project. Current activities include:
    - Evaluating applications for the Australian Critical Minerals Fund (CMF), the National Reconstruction Fund (NRF) and US Department of Defence funding.
    - Satisfying Export Finance Australia (EFA) conditions precedent to access $200 million in finance support for the Dubbo Project as announced on 28 June 2021.
    - Satisfying US EXIM non-binding and conditional Letter of Interest (LoI) due diligence requirements to access US$32 million in pre-construction finance support for the Dubbo Project as announced on 25 March 2024.
    - Satisfying US EXIM non-binding and conditional Letter of Interest (LoI) due diligence requirements to access US$600 million in construction finance support for the Dubbo Project as announced on 21 March 2024.
    - Satisfying Export Development Canada (EDC) non-binding and conditional Letter of Interest (LoI) due diligence requirements by 24 April 2026 to access up to $400 million in finance support for the Dubbo Project as announced on 1 April 2025.

As a result of the above, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the Directors believe that the Group will be successful in the above matters and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the biological assets and Korean pension benefit, which are measured at fair value.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 29.

Principles of consolidation

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated balance sheet and consolidated statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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Note 1. Basis of preparation (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Operating segments

Description of segments

The Group identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance in determining the allocation of the resources. The operating segments of the Group are:

- Corporate: which includes corporate activities.
- Dubbo Project: which includes the evaluation and feasibility of the Dubbo project and the Toongi Pastoral Company.
- Korea: which includes the Korean Metals Plant and research and development activities.

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Note 2. Operating segments (continued)

Recognition and measurement

The accounting policies used by the Group in reporting segments internally are the same as those contained throughout the notes to the financial statements and in the prior period.

Intersegment transactions were made at market rates. Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non market interest are not adjusted to fair value based on market interest rates. Intersegment loans and transactions are eliminated on consolidation.

Operating segment information

The table below shows segment information provided to the executive management team for the reportable segments for the year ended 30 June 2025:

Consolidated 30 June 2025	Corporate $'000	Dubbo Project $'000	Korea $'000	Consolidated $'000
Total segment revenue	-	1,245	1,923	3,168
Total segment loss after income tax	(9,857)	292	(14,990)	(24,555)
Included within segment loss:				
Inventory net realisable value write-down	-	-	(5,860)	(5,860)
Equipment write-down	-	-	(2,413)	(2,413)
Depreciation and amortisation	(1,086)	(203)	(497)	(1,786)
Total segment assets	21,124	153,726	52,323	227,173
Total segment liabilities	19,107	3,254	23,342	45,703
Additions to non-current segment assets	5	9,856	7,639	17,500
Consolidated 30 June 2024				
Total segment revenue	-	1,532	1,574	3,106
Total segment loss after income tax	(7,917)	(1,137)	(16,121)	(25,175)
Included within segment loss:				
Inventory net realisable value write-down	-	-	(5,804)	(5,804)
Depreciation and amortisation	(1,101)	(179)	(476)	(1,756)
Total segment assets	50,007	155,189	53,769	258,965
Total segment liabilities	17,048	7,978	29,345	54,371
Additions to non-current segment assets	2	12,162	5,087	17,251

Note 3. Revenue

Recognition and measurement

The Group derives revenue from the sale of metal products and biological assets, which is governed by sales contracts with customers. Revenue is recognised in relation to sales at the time control transfers to the customers at the date of loading and shipment. Sales are made under ex works incoterms, where the buyer is responsible for freight and shipping, and generally recognised at the point in time when the metals products are loaded onto a vehicle or vessel for shipment. For those sales not made under ex works incoterms, the revenue timing is upon the delivery of the products into the customer's control.

	2025 $'000	2024 $'000
Metal sales - Korea	1,923	1,574
Pastoral sales	1,245	1,532
	3,168	3,106

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Note 4. Operating expenses

	2025 $'000	2024 $'000
Inventory net realisable value write-down (Note 9)	5,860	5,804
Equipment write-down (Note 10)	2,413	-
Other [i]	1,574	1,419
	9,847	7,223

[i] Other operating expenses include administration and general expenditure not capitalised with respect of the operation of the Korean Metals Plant.

Note 5. Finance costs

Recognition and measurement

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Finance costs for interest bearing liabilities

Each lease payment is allocated between the liability and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Refer to Note 14 for further details.

Borrowing costs are expensed as part of finance costs in the period incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing funds. Refer to Note 14 for further details.

Provisions: unwinding of discount

The unwinding of the discount is recognised as a finance cost. Refer to Note 15.

	Note	2025 $'000	2024 $'000
Interest expense	14	942	769
Provisions: unwinding of discount	15	57	83
Finance charges for lease liabilities	14	15	27
		1,014	879

Note 6. Income tax

ASM and its wholly-owned Australian controlled entities implemented a tax consolidation group as of 21 July 2020 and the entities in the tax consolidated group have entered into a tax sharing agreement, which limits the joint and several liability of the wholly-owned entities in the case of a default by the Parent entity, Australian Strategic Materials Limited. The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Australian Strategic Materials Limited for any current tax payable assumed and are compensated by Australian Strategic Materials Limited for any current tax receivable.

Recognition and Measurement

Current taxes

The income tax (expense)/benefit for the year comprises current income tax (expense)/benefit and deferred income tax (expense)/benefit. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted at the reporting date. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year, as well as unused tax losses if recognised.

Current and deferred income tax (expense)/benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Note 6. Income tax (continued)

Deferred taxes

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled. Deferred tax is credited in the consolidated statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that ASM will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

ASM determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

	2025 $'000	2024 $'000
(a) Income tax benefit/(expense)		
Increase in deferred tax assets	(1,525)	(4,988)
Increase in deferred tax liabilities	958	5,016
Total deferred tax (benefit)/expense	(567)	28

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Note 6. Income tax (continued)

	2025 $'000	2024 $'000
(b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable.		
Loss before income tax (benefit)/expense	(25,122)	(25,147)
Tax at the Australian tax rate of 30% (2024: 30%)	(7,537)	(7,544)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	413	223
Under provision in prior year	2,340	2,388
Other deductible costs	(125)	(196)
Subtotal	(4,909)	(5,129)
Foreign unrecognised loss - Korea	3,025	3,593
Tax rate differential on foreign income	1,317	1,564
Income tax (benefit)/expense	(567)	28

	2025 $'000	2024 $'000
(c) Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Tax losses	19,629	18,106
Accruals and provisions	343	297
Equity raising costs	649	542
Other	-	49
Offset against deferred tax liabilities	(20,621)	(18,994)
Deferred tax asset	-	-

Movements	Tax losses	Accruals and provisions	Equity raising costs	Other	Total
At 1 July 2023	13,172	240	505	40	13,957
(Charged)/credited to profit or loss	4,934	57	(12)	9	4,988
(Charged)/credited to equity	-	-	49	-	49
At 30 June 2024	18,106	297	542	49	18,994
(Charged)/credited to profit or loss	1,523	46	5	(49)	1,525
(Charged)/credited to equity	-	-	102	-	102
At 30 June 2025	19,629	343	649	-	20,621

	2025 $'000	2024 $'000
(d) Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Exploration	37,849	36,821
Property, plant and equipment	154	184
Other	23	64
Set-off of deferred tax asset	(20,621)	(18,994)
Deferred tax liability	17,405	18,075

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Note 6. Income tax (continued)

Movements	Exploration	Property, plant and equipment	Other	Total
At 1 July 2023	31,775	207	71	32,053
(Charged)/credited to profit or loss	5,046	(23)	(7)	5,016
(Charged)/credited to equity	-	-	-	-
At 30 June 2024	36,821	184	64	37,069
(Charged)/credited to profit or loss	1,028	(30)	(40)	958
(Charged)/credited to equity	-	-	-	-
At 30 June 2025	37,849	154	23	38,026

	2025 $'000	2024 $'000
(e) Unused tax losses and temporary differences for which no tax asset has been recognised		
Deferred tax assets have been recognised in respect of the following and are stated as the tax rates applicable to the relevant statutory authority:		
Korean deductible temporary differences	4,423	3,758
Korean income tax losses	7,654	4,865
Total unrecognised deferred tax assets	12,077	8,623

Key judgements, estimates and assumptions

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required to determine the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. There are no uncertain tax matters at 30 June 2025 (30 June 2024: nil).

Note 7. Cash and cash equivalents

Recognition and measurement

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2025 $'000	2024 $'000
Current assets		
Cash at bank	19,013	47,602

Restricted cash

The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include $800,099 (30 June 2024: $333,083), which is subject to Korean pension obligations and is not available for general use by the other entities within the Group.

Note 8. Trade and other receivables

Recognition and measurement

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for final settlement within 30 to 60 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Subsequently receivables are recognised at the amounts considered receivable (financial assets at amortised cost).

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Note 8. Trade and other receivables (continued)

	2025 $'000	2024 $'000
Current assets		
Trade receivables	85	48
Prepayments	785	645
Non trade receivables	245	605
	1,115	1,298

The Group's exposure to various risks associated with financial instruments is discussed in Note 21. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Note 9. Inventories

Recognition and measurement

Inventory raw materials are physically measured and valued at the lower of cost and net realisable value. The cost of raw materials comprises the direct purchase costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Consumables relating to plant and equipment and farm supplies are recognised as inventory and measured at cost.

Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

	2025 $'000	2024 $'000
Current assets		
Toongi Pastoral Company supplies	214	184
Korea Materials [i]	9,339	17,566
	9,553	17,750

[i] Of the Korean materials inventory recorded at 30 June 2025, $8,500,000 (30 June 2024: $15,996,000) is recorded at net realisable value.

Amounts recognised in the profit or loss

Korean inventories recognised as an expense during the year ended 30 June 2025 amounted to $1,679,000 (30 June 2024: $2,497,000). These were included in the cost of sales in the consolidated statement of profit or loss and other comprehensive income.

Key judgements, estimates and assumptions

The Group's assessment of the net realisable value and classification of its Korean inventory holdings requires the use of estimates, including the cost to complete. During the year, Korean inventory write-downs of $5,860,000 occurred (30 June 2024: $5,804,000). These were recognised as an operating expense in the consolidated statement of profit or loss and other comprehensive income.

Note 10. Property, plant and equipment

Recognition and measurement

Buildings, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Land and other infinite useful life assets are stated at historical cost less any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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Note 10. Property, plant and equipment (continued)

Right of use assets

The Group leases various land, buildings, plant and equipment, resulting in a right-of-use asset (ROU). Right-of-use assets are measured at cost and subsequently depreciated in line with the Group's accounting policy of like assets. Cost comprising the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Any restoration costs.

Depreciation

Depreciation is calculated using the straight-line method over the estimated useful life as follows:

Buildings	40 years
Plant and equipment	3-10 years

Depreciation is expensed as incurred, unless it relates to an asset or operation in the construction phase, in which it is capitalised.

Derecognition

An item of plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is no longer expected to bring about future economic benefits to the Group.

Any gain or loss from derecognising the asset is included in the profit or loss in the period the item is derecognised. At the end of the reporting period, the assets' residual values and useful lives are reviewed and adjusted if appropriate.

Work in progress

The value of assets under construction is measured at the cost of the asset less impairment. The cost of the asset also includes the cost of assembly and replacement parts that are eligible for capitalisation. Depreciation does not commence until the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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Note 10. Property, plant and equipment (continued)

Non-current assets	Land & Buildings $'000	Plant & Equipment $'000	Work in Progress $'000	Right of use Asset $'000	Total $'000
Balance at 1 July 2023	**48,242**	**6,425**	**11,504**	**529**	**66,700**
Additions	5	96	5,247	29	5,377
Disposals	-	-	(72)	(86)	(158)
Exchange differences	(591)	(245)	(662)	(18)	(1,516)
Transfers between classes	173	1,083	(1,256)	-	-
Changes in restoration and rehabilitation estimate	(255)	-	-	-	(255)
Depreciation expense	(815)	(1,130)	-	(32)	(1,977)
Balance at 30 June 2024	**46,759**	**6,229**	**14,761**	**422**	**68,171**
Cost or fair value	48,521	8,631	14,761	729	72,642
Accumulated depreciation	(1,762)	(2,402)	-	(307)	(4,471)
Balance at 30 June 2024	**46,759**	**6,229**	**14,761**	**422**	**68,171**
Balance at 1 July 2024	**46,759**	**6,229**	**14,761**	**422**	**68,171**
Additions	-	55	7,406	172	7,633
Disposals and write-downs [i]	(12)	-	(2,480)	(9)	(2,501)
Exchange differences	435	178	653	15	1,281
Transfers between classes	359	950	(1,309)	-	-
Changes in restoration and rehabilitation estimate	183	-	-	-	183
Depreciation expense	(773)	(1,296)	-	(128)	(2,197)
Balance at 30 June 2025	**46,951**	**6,116**	**19,031**	**472**	**72,570**
Cost of fair value	49,388	9,818	19,031	695	78,932
Accumulated depreciation	(2,437)	(3,702)	-	(223)	(6,362)
Balance at 30 June 2025	**46,951**	**6,116**	**19,031**	**472**	**72,570**

[i] In December 2024, management established a plan to sell non-essential Korean titanium equipment during 2025. At 31 December 2024, the equipment was classified as held for sale and measured at the lower of its carrying amount and fair value less costs to sell at the time of classification. At 30 June 2025, the asset remains available for sale; however, there was no evidence to support the carrying value of the equipment during the period, resulting in a complete write-down of $2,413,000 (30 June 2024: nil) as operating expenses in the consolidated statement of profit or loss and other comprehensive income.

Key judgements, estimates and assumptions

The estimations of useful lives, residual value and depreciation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances impacting specific assets or groups of assets, such as changes to contract length or when an asset designation from idle to non-idle occurs. These changes are limited to specific assets and as such, any reasonably possible change in the estimate is unlikely to have a material impact on the estimations of useful lives, residual value or amortisation methods.

Impairment of property, plant and equipment

For the year ended 30 June 2025, the Group assessed whether there were any indicators of impairment. The Group's market capitalisation at 30 June 2025 was below its net assets and management considered this factor as an impairment indicator at 30 June 2025. Subsequent to 30 June 2025, the Group market capitalisation remained below the Group's net assets at the date of this report.

The recoverable amount of the Group's cash generating units (CGUs) was determined by calculating the higher of fair value less cost of disposal (FVLCD) and value in use (VIU).

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Note 10. Property, plant and equipment (continued)

Summary of the impairment and the method used to assess the impairment

The following table summarises the outcomes from impairment testing conducted across the Group's material non-current assets under AASB 136.

	Indicator for impairment testing		Valuation method used	
CGU	**2025**	**2024**	**2025**	**2024**
Korea	Yes	Yes	FVLCD	FVLCD
Dubbo	Yes	Yes	FVLCD	FVLCD

Key assumptions used

At 30 June 2025, estimates of recoverable amounts for non-current assets within the Korea CGU were prepared using the FVLCD method to assess whether impairments were required. Given the recent construction and commissioning of the KMP, the Group has determined FVLCD using the cost approach. This approach determines fair value with reference to the depreciated replacement cost of the assets adjusted for obsolescence. The Group has considered the risks of both technological and economic obsolescence in determining fair value and concluded that no such adjustment was required.

Separately, estimates of recoverable amounts for the Dubbo CGU were prepared using the FVLCD method, after the Group sourced independent valuations at 30 June 2025 to support the FVLCD estimates required for the applicable assets.

At 30 June 2025, no impairment expense was recognised (30 June 2024: Nil).

Note 11. Exploration and evaluation assets

Recognition and measurement

Exploration and evaluation costs include acquisition of rights to explore, and costs associated with exploration and evaluation in relation to separate areas of interest for which rights of tenure are current. The balance is carried as a non-current asset on the consolidated balance sheet where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable ore reserve. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the consolidated statement of profit or loss and other comprehensive income.

No amortisation is charged during the exploration and evaluation phase. Payments for exploration and evaluation expenditure are recorded net of any government grants and partner contributions.

	2025 $'000	2024 $'000
Opening balance	121,214	109,340
Expenditure capitalised during the year [i]	9,846	14,080
Government grant [ii]	(6,417)	(500)
R&D tax incentives on capitalised costs	(1,691)	(1,706)
Closing balance	122,952	121,214

[i] Additions during the year ended 30 June 2025 related to Engineering, Procurement and Construction (EPC) Definition activities, the non-process infrastructure study, the Rare Earth Options Assessment (REOA), metallurgical test-work, engineering and project management.

[ii] During the year, the Group was fully satisfied with the contributory grant criteria and reclassified the $6,417,000 (30 June 2024: $500,000) from unearned revenue to offset against exploration and evaluation assets where the initial costs were incurred. Refer to Note 16 for further details.

Key judgements, estimates and assumptions

Key judgements are applied to make certain estimates as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

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Note 12. Intangible assets

Recognition and measurement

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

	2025 $'000	2024 $'000
Non-current assets		
Intellectual property (IP)	5,381	5,372
Less: Accumulated amortisation	(4,987)	(3,918)
	394	1,454

The intangible assets are related to the internally generated intellectual property, which was part of the acquisition of the Korean entities.

Note 13. Trade and other payables

Recognition and measurement

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the period, which remain unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost.

	2025 $'000	2024 $'000
Current liabilities		
Trade payables	689	984
Accruals	1,808	3,015
Other payables	805	804
	3,302	4,803

Note 14. Interest bearing liabilities

Recognition and measurement

Initial recognition and measurement

Interest bearing liabilities are recognised initially at fair value, net of directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

Note 14. Interest bearing liabilities (continued)

Derecognition

An interest bearing liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

	2025 $'000	2024 $'000
Current liabilities		
Lease Liability [i]	90	110
Borrowings [ii]	13,576	16,421
	13,666	16,531
Non-current liabilities		
Lease liability [i]	387	324
	14,053	16,855

[i] As at 30 June 2025, the Group leased various assets under leases expiring within one to eight years. The interest rates are fixed and payable over a period of the lease term from the inception of the lease. These leases are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

[ii] As at 30 June 2025, the Group holds two loan facilities with the Korean Development Bank (KDB) and Hana Bank in South Korea which are denominated in Korean Won (₩).

The facilities comprise of:

- A fully drawn unsecured loan facility with Hana Bank of ₩3 billion (30 June 2025: equivalent to $3.4 million), due for full repayment in 30 May 2026 (30 June 2024: fully drawn unsecured ₩3 billion, equivalent to $3.3 million).
- A fully drawn secured loan facility with KDB of ₩9 billion (30 June 2025: equivalent to $10.2 million), due for full repayment in June 2026 (30 June 2024: fully drawn secured ₩12 billion, equivalent to $13.1 million).

ASM held no other debt facilities at 30 June 2025.

Secured liabilities and assets pledged as security

The KDB loan facility is secured against KMP assets.

Fair value

For the majority of the borrowings, the fair values approximate their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The interest rate on a loan from Hana Bank is 3.801% and varies every 6 months. The interest rate on a loan from KDB is fixed at 7.02%.

Debt covenants

Under the terms of the KDB facility noted above, the Group and subsidiary Korean Strategic Metal Co (KSMM) are required to comply with the following financial covenants by 31 December 2025:

- Invest ₩1 billion equity (equivalent to $1.1 million) in KSMM; and
- KSMM must maintain a debt-to-equity ratio of less than 200%.

As at 30 June 2025, KSMM's debt-to-equity ratio was 138% (30 June 2024: not applicable). There are no indications that the Group or KSMM would have difficulties complying with the covenants when tested as at the 31 December 2025 interim reporting date.

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Note 15. Provisions

Recognition and measurement

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, resulting from past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Employee leave benefits

Provision is made for the Group's expected liability for future employee benefits arising from services rendered by employees up to the reporting date.

Short-term employee benefits are expected to be settled wholly within 12 months after the end of the period in which employees render the related service, are recognised in respect of the employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The amounts are presented as current employee entitlements in the balance sheet.

The liability for long service leave is measured at the present value of the estimated future cash outflows to be made by the Group for those employees with greater than 5 years of service up to the reporting date. Long-term benefits not expected to be settled within 12 months are discounted by using rates attached to high quality corporate bonds at the end of the reporting period with terms that match, as closely as possible, the estimated future cash outflows. Related on-costs are also included in the liability.

Decommissioning and restoration

In accordance with the applicable legal and constructive obligations, a provision for site rehabilitation in respect of returning the land to its original state is recognised when land is disturbed.

Decommissioning and restoration costs are recognised in full based on the net present value of the estimated cost of decommissioning and restoring the environmental disturbance that has occurred up to the reporting date. To the extent that future economic benefits are expected to arise, these costs are capitalised and amortised over the remaining life of the mine and the provision is accreted periodically as the discounting of the liabilities unwinds. The unwinding of the discount is recorded as a finance cost.

Any changes in the estimates for the costs or other assumptions against the cost of relevant assets are accounted for on a prospective basis. In determining the costs for site restoration there is uncertainty regarding the nature and extent of restoration due to community expectations and future legislation.

Korean pensions benefit

The Group operates a defined benefit pension plan in Korea. A defined benefit plan determines the amount of pension benefits an employee will receive when they retire. The level of benefits provided depends on members' age, length of service and their salary up to retirement. The liability recognised in the consolidated balance sheet in respect of defined benefit plans is the present value of the defined benefit liability as of the end of the reporting period less the fair value of plan assets. The defined benefit liability is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit liability is calculated by discounting the expected future cash outflows at the rate of interest for high quality corporate bonds with similar payout timing and maturities.

The remeasurement component of the net defined benefit liability is recognised in the consolidated statement of profit or loss and other comprehensive income. When a scheme amendment, curtailment or settlement occurs, any gain or loss on past service cost or settlement is recognised in the consolidated statement of profit or loss and other comprehensive income.

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Note 15. Provisions (continued)

	2025 $'000	2024 $'000
Current liabilities		
Annual leave [i]	689	535
Long service leave	142	57
	831	592
Non-current liabilities		
Long service leave	100	80
Korean pensions benefit	431	692
Provision for decommissioning	2,367	2,053
	2,898	2,825
	3,729	3,417

[i] The current portion of annual leave liability includes all accrued annual leave. The provision amount of $689,000 (30 June 2024: $535,000) is presented as current since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2025 $'000	2024 $'000
Current leave obligations expected to be settled after 12 months	344	267

Key judgements, estimates and assumptions

The Group assesses its decommissioning and restoration provision annually. Significant judgment is required in determining the provision for plant site rehabilitation and closure, as many factors could impact the ultimate liability payable to rehabilitate the Korean plant site, including changes in legislation, technology or other circumstances. When these factors change or become known in the future, such differences will impact the decommissioning and restoration in the period in which the change becomes known.

Note 16. Unearned revenue

Recognition and measurement

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as an offset to the asset and is recognised in the consolidated statement of profit or loss and other comprehensive income on a systematic basis over the life of the asset. Where grant criteria are not fully satisfied, a portion of the grant may be repaid, subject to performance condition requirements.

	2025 $'000	2024 $'000
Current liabilities		
Government Grant - Australia [i]	2,000	5,720
Government Grant - Korea [ii]	479	5,501
	2,479	11,221
Non-current liabilities		
Government Grant - Korea [ii]	4,735	-
	7,214	11,221

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Note 16. Unearned revenue (continued)

[i] During the year ended 30 June 2025, cash grants were received from Federal and State governments for the following exploration and evaluation programs:

- Critical Minerals Development Program – ASM was awarded a contributory grant of $6,500,000 (net of GST) to progress the Dubbo Project's Engineering, Procurement and Construction (EPC) Definition activities with respect to non-process infrastructure. During the year ended 30 June 2025, a total of $585,487 (net of GST) was received (30 June 2024: an initial payment of $5,720,000 (net of GST)). ASM fully complied with the terms of the agreement and reclassified these funds under exploration and evaluation assets where the initial costs were capitalised. Refer to Note 11.
- International Partnerships in Critical Minerals (IPCM) Program – ASM was awarded a contributory grant of $5,000,000 (net of GST) to support work to identify potential lower capital and shorter implementation pathways to rare earth production at the Dubbo Project. The first instalment of $2,000,000 (net of GST) was received in October 2024. Should any grant criteria not be fully satisfied, a portion of the grant may be required to be repaid.

[ii] Unearned revenue relates to a cash grant received from the South Korean government to support the development of the Korean Metals Plant. Should any criteria not be fully satisfied by 31 December 2026, a portion of the grant may be required to be repaid. During the year ended 30 June 2025, the South Korean government revised this grant's completion date from 31 December 2024 to 31 December 2026, resulting in the reclassification of unearned revenue from current to non-current.

Note 17. Issued capital

Recognition and measurement

Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2025 Shares	2024 Shares	2025 $'000	2024 $'000
Ordinary shares - fully paid	181,340,682	181,133,558	281,350	281,462

Movements in ordinary shares

	Number of shares	Total $'000
Opening balance 1 July 2023	**166,705,227**	**268,316**
Issue of shares on vesting of performance rights	86,755	-
Issue of shares for institutional placement	12,931,035	13,266
Issue of shares in accordance with share purchase plan	1,410,541	1,458
Less: transaction costs arising on share issue	-	(1,627)
Deferred tax credit recognised directly into equity	-	49
Balance 30 June 2024	**181,133,558**	**281,462**
Issue of shares on vesting of performance rights	207,071	-
Issue of shares on exercising placement options	53	-
Less: transaction costs arising on share issue	-	(214)
Deferred tax credit recognised directly into equity	-	102
Balance 30 June 2025	**181,340,682**	**281,350**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On 16 June 2025, the Company invited its shareholders to participate in an underwritten Share Purchase Plan (SPP), which was completed in July 2025. In addition, the Company completed an institutional placement during July 2025, please refer to Note 24 for further details.

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Note 18. Other equity

Listed options carry no voting rights and carry no right to dividends:

Movements in listed options

	Number of options	Total $'000
Opening balance 1 July 2023	-	-
Issue of placement options[i]	12,931,035	1,733
Issue of option rights [ii]	1,410,541	189
Balance 30 June 2024	14,341,576	1,922
Issue of placement options	(53)	-
Balance 30 June 2025	14,341,523	1,922

[i] On 24 April 2024, the Company completed a successful institutional placement for shares, which included one free attached option for every share subscribed for under the placement. These options were approved at an extraordinary general meeting of the Company held on 19 June 2024.

[ii] On 24 April 2024, the Company invited its shareholders to participate in the entitlement offer, where eligible shareholders might apply to one share for every 40 fully paid ordinary shares held with one free attaching option. This entitlement offer was finalised on 3 June 2024.

The call options issued for the year ended 30 June 2025 and 30 June 2024 have been valued at the weighted average market price on the date of issue.

A total of 53 options were exercised during the year ended 30 June 2025 (30 June 2024: nil). All options expire on 31 October 2027.

Note 19. Reserves

Recognition and measurement

Capital contributions reserve

This reserve has been used to recognise the discounted value of a loan from Alkane Resources Ltd prior to the demerger in accordance with AASB 9.

Share-based payments reserve

The reserve is used to recognise the grant date fair value of options and performance rights issued to employees and executive directors.

Retirement benefit obligation reserve

The reserve is used to recognise the actuarial gains and losses on the retirement benefit obligation that are recognised outside of profit or loss.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. The foreign currency reserve is recognised in the profit or loss when the foreign operation or net investment is disposed of.

	2025 $'000	2024 $'000
Capital contribution reserve	11,324	11,324
Share-based payments reserve	4,772	3,810
Retirement benefit obligation reserve	(252)	(122)
Foreign currency reserve	(549)	(1,260)
	15,295	13,752

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Note 20. Cash flow information

(a) Reconciliation of loss after income tax to net cash outflow from operating activities

	2025 $'000	2024 $'000
Loss after income tax for the year	(24,555)	(25,175)
Adjustments for:		
Depreciation and amortisation	1,786	1,756
Property, plant and equipment - write-down	2,413	-
Finance charges	946	766
Share-based payments	963	488
Inventory - non-cash movement	(67)	899
Inventory – write-down	5,860	5,804
Provision for decommissioning – unwind of discount	247	(171)
Gain on disposal of assets	(16)	(1)
Net exchange differences	805	1,132
Change in operating assets and liabilities:		
Decrease in receivables	198	3,258
Increase in inventory	(3,441)	(5,711)
(Increase)/decrease in biological and other assets	(4)	583
Decrease in deferred tax liability	(670)	(21)
(Decrease)/increase in trade and other payables	(620)	395
(Decrease)/increase in other provisions	(4)	376
Net cash outflow from operating activities	(16,159)	(15,622)

(b) Net debt reconciliation

	2025 $'000	2024 $'000
Cash and cash equivalents (Note 7)	19,013	47,602
Interest bearing liabilities - repayable within one year (Note 14)	(13,666)	(16,531)
Interest bearing liabilities - repayable after one year (Note 14)	(387)	(324)
Net debt	4,960	30,747

Includes lease liability expiring within 1 to 8 years and loan facilities with the Korea Development Bank ($10.2 million) and Hana Bank ($3.4 million) detailed in note 14.

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Note 20. Cash flow information (continued)

	Liabilities from financing activities			Cash and cash equivalents	Total
	Borrowings $'000	Leases $'000	Sub-total $'000	$'000	$'000
Net debt at 1 July 2023	(17,158)	(547)	**(17,705)**	56,655	**38,950**
Financing cash flows	-	-	**-**	(8,969)	**(8,969)**
Principal repayment	-	38	**38**	-	**38**
New leases	-	(9)	**(9)**	-	**(9)**
Foreign exchange adjustments	737	73	**810**	(84)	**726**
Interest accrued	726	27	**753**	-	**753**
Interest paid	(726)	(16)	**(742)**	-	**(742)**
Net debt as at 30 June 2024	(16,421)	(434)	**(16,855)**	47,602	**30,747**
Net debt as at 30 June 2024	(16,421)	(434)	**(16,855)**	47,602	**30,747**
Financing cash flows	-	-	**-**	(28,691)	**(28,691)**
Principal repayment	3,382	56	**3,438**	-	**3,438**
New leases	-	(73)	**(73)**	-	**(73)**
Foreign exchange adjustments	(537)	(21)	**(558)**	102	**(456)**
Interest accrued	1,012	15	**1,027**	-	**1,027**
Interest paid	(1,012)	(20)	**(1,032)**	-	**(1,032)**
Net debt as at 30 June 2025	(13,576)	(477)	**(14,053)**	19,013	**4,960**

Note 21. Risk management

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, pay dividends to shareholders, issue new shares or sell assets.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks and mitigating strategies.

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Market risk

Foreign currency risk

The Group operated internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in USD/AUD, KRW/AUD and KRW/USD exchange rates. The Group is exposed to currency risk on purchases that are denominated in a currency other the respective functional currency of Group entities, primarily the United States Dollar (USD) and Korean Won (KRW).

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Note 21. Risk management (continued)

The Group's expenditure obligations in Korea are primarily in KRW. Funding requirements in Korea are met by transferring USD from the Australian based parent entity and converting it into KRW or depositing it into a USD bank account. As a result, the Group is exposed to fluctuations in the USD/KRW to the Australian currency. These exposures are not subject to a hedging instrument. The Group's risk from movements in foreign currency rates relates to USD held within Australia and Korea and KRW held in Korea. The risk exposure is minimised by holding sufficient funds in KRW to meet the immediate cash requirements of the subsidiaries. Once funds are converted to KRW, they are only used to pay expenses in KRW.

The financial assets and liabilities that are exposed to foreign currency risk at the end of the reporting period, expressed in Australian dollars, are:

	2025 $'000	2024 $'000
Cash and cash equivalents - USD	379	2,857
Cash and cash equivalents - KRW	3,682	1,068
Trade Receivables - KRW	85	32
Trade Payables - KRW	(1,256)	(1,381)
Interest bearing liabilities - KRW	(13,576)	(16,421)

	Impact on profit/(loss) 2025 $'000	2024 $'000
USD AUD exchange rate – increase 9% (2024 – 9%)	(24)	(180)
USD AUD exchange rate – decrease 9% (2024 – 9%)	24	180

Price risk

Commodity price risk in the Group primarily results from price fluctuations and the availability of rare earth oxide inputs, along with metal and alloy sales pricing. The Group regularly considers the outlook for rare earths in considering the need for active financial risk management. As the Group progresses saleable products, it continues to monitor and develop a policy to mitigate its exposure to price risk.

Interest rate risk

Interest rate risk is the risk that fair values and cash flows of the Group's financial instruments will be affected by changes in the market interest rates. The Group's main interest rate risk arises through its cash and cash equivalents, other financial assets and financial liabilities held within financial institutions. The Group minimises this risk by utilising fixed rate instruments where appropriate.

Summarised market risk sensitivity analysis:

	30 June 2025			30 June 2024		
	Carrying Amount $'000	+100BP $'000	-100BP $'000	Carrying Amount $'000	+100BP $'000	-100BP $'000
Financial assets						
Cash and cash equivalents	19,013	190	(190)	47,602	476	(476)
Receivables (current) [i]	134	1	(1)	253	3	(3)
Other financial assets	178	2	(2)	172	2	(2)
Financial liabilities						
Trade and other payables	(689)	(7)	7	(984)	(10)	10
Interest bearing liabilities	(14,053)	(141)	141	(16,855)	(169)	169
Total	**4,583**	**45**	**(45)**	**30,188**	**302**	**(302)**

[i] The receivables balance excludes prepayments and tax balances which do not meet the definition of financial assets and liabilities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the Group's receivables from customers and related entities. The Group's exposure to credit risk is primarily in its trade and other receivables and is influenced mainly by the individual characteristics of the customer based on recent sales experience, historical loss rates and forward-looking information that is available.

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Note 21. Risk management (continued)

In determining the recoverability of a trade or other receivable, the Group performs a risk analysis considering the type and age of the outstanding receivables, the creditworthiness of the counterparty, contract provisions, letter of credit and timing of payment.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and credit exposure to customers, including outstanding receivables and committed transactions.

The Group limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only utilising banks and financial institutions with acceptable credit ratings. The Group's cash deposits are all on call or in term deposits and attract a rate of interest at normal short-term money market rates.

Tax receivables and prepayments do not meet the definition of financial assets. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Board of Directors monitors liquidity levels on an ongoing basis.

Liquidity risk management involves maintaining sufficient cash on hand or undrawn credit facilities to meet the operating and capital requirements of the business.

Maturity analysis of financial assets and liabilities based on management expectations. The tables below reflect an undiscounted contractual maturity analysis for financial liabilities:

Year ended 30 June 2025	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total contractual outflows $'000
Financial liabilities due for payment				
Trade and other payables	(3,302)	-	-	(3,302)
Unearned revenue	(2,479)	(4,735)	-	(7,214)
Interest bearing liabilities	(13,666)	(387)	-	(14,053)
	(19,447)	**(5,122)**	**-**	**(24,569)**

Year ended 30 June 2024	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total contractual outflows $'000
Financial liabilities due for payment				
Trade and other payables	(4,803)	-	-	(4,803)
Unearned revenue	(11,221)	-	-	(11,221)
Interest bearing liabilities	(16,531)	(324)	-	(16,855)
	(32,555)	**(324)**	**-**	**(32,879)**

The Group's financial liabilities generally mature within 12 months, therefore the carrying amount equals the cash flow required to settle the liability.

Note 22. Contingent liabilities

The Group has contingent liabilities estimated at up to $5,770,125 for the potential acquisition of parcels of land surrounding the Dubbo Project (30 June 2024: $8,163,695). The landholders have the right to require the Group to acquire their property when the development consent conditions for the Dubbo Project have been met.

The Group has contingent liabilities estimated at $54,961,832 (~US$36,000,000) for Bechtel Mining and Metals, Inc (Bechtel) to conduct FEED services for the Dubbo Project. The contract will see Bechtel progress in the design of both the process plant and NPI facilities at the Dubbo Project. Bechtel's commencement of the work is conditional upon the Group:

- Confirming that funding has been received for the work;
- Confirming all necessary approvals to proceed with the work have been received; and
- Issuing Bechtel with a notice to proceed.

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Note 23. Commitments

a) Capital commitments

	Within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Year ended 30 June 2025				
Mineral tenement leases	117	-	-	117
Dubbo Project - parcels of land	2,188	-	-	2,188
Dubbo Project – engineering and design activities	7,537	-	-	7,537
Korean Metals Plant – equipment	76	-	-	76
	9,918	-	-	9,918
Year ended 30 June 2024				
Mineral tenement leases	100	-	-	100
Dubbo Project - parcels of land	2,306	-	-	2,306
Dubbo Project – engineering and design activities	4,416	2,500	-	6,916
Korean Metals Plant – equipment	488	-	-	488
	7,310	2,500	-	9,810

Mineral tenement leases

In order to maintain current rights of tenure to exploration and mining tenements, the Group has certain obligations for payment. These costs are discretionary, however if the expenditure commitments are not met then the associated exploration and mining leases may be relinquished.

Parcels of land

The Group has capital commitments to acquire parcels of land surrounding the Dubbo Project. The amount to be paid is the market value and is subject to movement. The landholders have the right to require Australian Strategic Materials (Holdings) Ltd to acquire their property as provided for under the agreement.

b) Other commitments

On 30 April 2023, the Group signed a binding agreement with Vietnam Rare Earth Company (VTRE) for metals plant feedstock supply. Under the terms of the agreement, VTRE will deliver 100 tonnes of product. As of 30 June 2025, the Group estimated the commitment amount based on the 30 June 2025 spot product price of $9,618,000 (2024: $7,586,000).

Note 24. Events after the reporting period

On 11 July 2025, the Company announced the results of a Heap Leach Scoping Study evaluating a potential first-phase development of the Dubbo Project, focused on rare earth oxide production using a heap leach purification, separation and refining flowsheet.

On 15 July 2025, the Company announced its first heavy rare earth metals sale and a Memorandum of Understanding (MoU) with Neo Performance Materials to formalise a broader strategic partnership.

On 24 July 2025, the Company completed an underwritten Share Purchase Plan Offer (SPP) announced on 16 June 2025, raising $11,861,761 (before costs) at an offer price of $0.5647 and issuing 21,005,421 new shares.

On 28 July 2025, the Company completed a successful institutional placement for shares, raising $13,000,000 (before costs) and resulting in the issue of new 21,197,906 shares, including shares to be issued to Mr Ian Gandel (Chair) and Mr Dominic Heaton (Non-Executive Director), participation, which was approved at an Extraordinary General Meeting (EGM) held on 11 September.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 25. Related party transactions

Parent entity

Australian Strategic Materials Limited is the parent entity of the Group.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

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Note 25. Related party transactions (continued)

	2025 $	2024 $
Short-term employee benefits	2,282,796	2,121,551
Post-employment benefits	138,218	126,617
Long-term benefits	19,874	9,169
Termination benefits	-	41,722
Share-based payments	532,525	510,980
	2,973,413	2,810,039

Detailed remuneration disclosures are provided in the remuneration report on pages 70 to 81.

Transactions with other related parties

The following transactions occurred with other related parties:

	2025 $	2024 $
Purchase of goods and services from other related parties:		
Alkane Resources Ltd	331,288	373,935
Gandel Metals Pty Ltd	32,103	11,733

Alkane Resources Ltd, a Director related entity, for personnel and office services under its ongoing Trade Service Agreement with ASM.

Gandel Metals Pty Ltd, a Director related entity, for travel related services.

Receivable from and payable to related parties

As at 30 June 2025, no outstanding payables to Gandel Metals Pty Ltd and Alkane Resources Pty Ltd (2024: Nil).

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting dates.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 26. Share-based payments

Recognition and measurement

Share-based payments

Share-based compensation benefits are provided to employees via the Group's incentive plans. The objective of the plans is to assist in the recruitment, reward, retention and motivation of eligible persons of the Group. The incentive plans consist of short-term (STI) and long-term (LTI) incentive plans. Information relating to these plans is set out in the remuneration report and below.

The fair value of performance rights and options granted under the short-term and long-term incentive plans is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights and options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service non-market performance vesting conditions. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Non-market conditions

Non-market vesting conditions and the impact of service conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

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Note 26. Share-based payments (continued)

Market conditions

The initial estimate of fair value for market based and non-vesting conditions is not subsequently adjusted for differences between the number of rights granted and the number of rights that vest. When the rights are exercised, the appropriate number of shares is transferred to the employee. The proceeds received is net of any directly attributable transaction costs are credited directly to equity.

The fair value of deferred shares granted to employees for nil consideration under the employee share scheme is recognised as an expense over the relevant service period, being the year to which the incentive relates and the vesting period of the shares. The fair value is measured using the Monte Carlo valuation method for long-term incentive plans and the Binomial Tree method for short-term incentive plans at the grant date of the shares and is recognised in equity in the share-based payment reserve.

The Group's remuneration framework is set out in the remuneration report, including all details of the performance rights plans, the associated performance hurdles and vesting criteria. Participation in the plans is at the discretion of the Board of Directors and no individual has a contractual right to participate in the plans or to receive any guaranteed benefits.

Options

No employee share options were granted during the year. No employee share options outstanding at the end of the year.

Performance Rights

Set out below are summaries of performance rights granted under the plan:

	2025 Number	Weighted average fair value at grant date	2024 Number	Weighted average fair value at grant date
Outstanding as at 1 July	2,245,960	$1.05	703,702	$1.33
Granted [i]	4,356,011	$0.40	1,821,993	$0.98
Forfeited/lapsed	(670,231)	$1.03	(192,980)	$1.46
Exercised	(207,071)	$1.27	(86,755)	$1.65
Outstanding as at 30 June	5,724,669	$0.55	2,245,960	$1.05
Vested and exercisable as at 30 June	474,097	$0.93	250,198	$1.29

[i] During the year ended 30 June 2025, 1,742,770 short term and 2,613,241 long term performance rights were granted to employees and key management personnel. The fair value at the grant date of the performance rights, with non-market-based performance conditions, was estimated using a Binomial Tree valuation method. The fair value at the grant date of the performance rights, with market-based performance conditions, was estimated using a Monte Carlo valuation method.

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Note 26. Share-based payments (continued)

The table below details the terms and conditions of the grants and the assumptions used in estimating fair value:

Type	LTI	LTI	STI
Value of underlying security at grant date	$0.16 - $0.69	$0.69	$0.50 - $0.67
Number of performance rights issued	2,385,720	227,521	1,742,770
Exercise Price	nil	nil	nil
Dividend yield	nil	nil	nil
Risk free rate	3.30% - 4.05%	4.25%	3.30% - 4.21%
Volatility	75%	75%	75%
Performance period (years)	3	1.5	1
Commencement of the measurement period	1 July 2024	1 July 2024	1 July 2024
Test date	30 June 2027	31 December 2025	30 June 2025
Remaining performance period (years)	2.0	0.5	0.0
Valuation methodology	Monte Carlo	Binomial Tree	Binomial Tree

The weighted average remaining contractual life of performance rights and options is 1.6 years (30 June 2024: 1.7 years).

Total expenses arising from share-based payment transactions recognised during the period as share-based payment expense in the consolidated statement of profit or loss and other comprehensive income:

	2025 $'000	2024 $'000
Options [(i)]	-	(256)
Performance rights	963	744
	963	488

[(i)] Employee resignation resulted in the reversal of options expense recognised in prior periods.

Key judgements, estimates and assumptions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. The fair value is determined using the appropriate valuation model. The valuation basis and the related assumptions are disclosed above.

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company, and its network firms:

	2025 $	2024 $
Audit services - PricewaterhouseCoopers		
Audit or review of the financial statements	221,847	229,249
Other assurance services - PricewaterhouseCoopers	-	-
Other services - PricewaterhouseCoopers		
Consulting and other services	1,882	30,206
Total services provided by - PricewaterhouseCoopers	223,730	259,455

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Note 28. Loss per share

Recognition and measurement

Basic loss per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted loss per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2025 $'000	2024 $'000
Loss after income tax	(24,555)	(25,175)
Non-controlling interest	(14)	28
Loss after income tax attributable to the owners of Australian Strategic Materials Limited	(24,569)	(25,147)
	Cents	**Cents**
Basic loss per share	(14)	(15)
Diluted loss per share	(14)	(15)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	181,301,769	169,284,927
Weighted average number of ordinary shares used in calculating diluted loss per share	181,301,769	169,284,927
The number of potential ordinary shares not considered dilutive are as follows:		
Performance rights and options	20,066,292	16,587,636

Potential ordinary shares

Performance rights and options granted to employees are considered to be potential ordinary shares. Details relating to options and performance rights are set out in Note 26. They have not been included in the determination of basic loss per share. Performance rights and options outstanding are not included in the calculation of diluted loss per share because they are antidilutive for the years ended 30 June 2025 and 30 June 2024. These options could potentially dilute basic earnings per share in the future.

Note 29. Parent entity financial information

Recognition and measurement

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries, which have been recorded at cost less any impairments.

The individual financial statements for the parent entity, Australian Strategic Materials Limited, show the following aggregate amounts:

	Parent	
	2025 $'000	2024 $'000
Statement of profit or loss and other comprehensive income		
(Loss)/Profit after income tax	(8,261)	(32,910)
Total comprehensive (Loss)/Profit	(8,261)	(32,910)

Note 29. Parent entity financial information (continued)

	Parent 2025 $'000	Parent 2024 $'000
Balance sheet		
Current assets	38,995	63,112
Total assets	190,481	197,742
Current liabilities	1,598	1,482
Total liabilities	1,697	1,561
Equity		
Issued capital	281,350	281,462
Other equity	1,922	1,922
Share-based payments reserve	4,772	3,809
Foreign currency translation reserve	-	(13)
Capital contributions reserve	11,324	11,324
Accumulated losses	(110,584)	(102,323)
Total equity	188,784	196,181

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity did not have any guarantees in relation to the debts of its subsidiaries as at 30 June 2025 and 30 June 2024.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2025 and 30 June 2024.

Capital commitments - Property, plant and equipment

The parent entity did not have any capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Note 30. Interests in subsidiaries

Recognition and measurement

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated balance sheet, and consolidated statement of changes in equity respectively.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Principal place of business / Country of incorporation	Ownership interest 2025 %	Ownership interest 2024 %
Australian Strategic Materials (Holdings) Ltd	Australia	100%	100%
Toongi Pastoral Company Pty Ltd	Australia	100%	100%
ASM Metals Corporation Pty Ltd	Australia	100%	100%
ASM Technology Corporation Pty Ltd	Australia	100%	100%
ASM Korea Co. Ltd	South Korea	100%	100%
KSM Technology Co. Ltd	South Korea	97%	95%
Korea Strategic Metal Co	South Korea	100%	100%

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Note 31. Deed of cross guarantee

The following entities are parties to a deed of cross guarantee made on 28 June 2023 under which each company guarantees the debts of the others:

Holding entity - Australian Strategic Materials Limited
Group entity - Australian Strategic Materials (Holdings) Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that Australian Strategic Materials Limited controls, they also represent the 'Extended Closed Group'.

Toongi Pastoral Company Pty Ltd was included in the deed of cross guarantee until 14 January 2025 being a 100% owned by the group entity, Australian Strategic Materials (Holdings) Ltd. From 14 January 2025 Toongi Pastoral Company Pty Ltd 100% owned by the holding entity, Australian Strategic Materials Limited, and no longer need to be included in the 'Closed Group' for the purposes of the Instrument.

Set out below is a consolidated statement of profit or loss and other comprehensive income and balance sheet of the 'Closed Group'.

Consolidated statement of profit or loss and other comprehensive income of the 'Closed Group'	2025 $'000	2024 $'000
Revenue	-	1,532
Other income	3,341	5,331
Professional fees and consulting services	(1,406)	(1,704)
Employee remuneration	(5,330)	(5,937)
Share-based payments	(963)	(488)
Directors' fees and salaries	(1,559)	(1,260)
General and administration expenses	(3,191)	(4,311)
Pastoral company expenses	-	(953)
Depreciation and amortisation expense	(61)	(212)
Fair value movement in biological assets	-	(899)
Finance costs	(13)	-
Net foreign exchange gain/(loss)	9	29
Loan forgiveness	(24,011)	(29,747)
Loss before income tax benefit	(33,184)	(38,619)
Income tax benefit	1,023	269
Loss after income tax benefit	(32,161)	(38,350)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(32,161)	(38,350)

Equity - accumulated losses	2025 $'000	2024 $'000
Accumulated losses at the beginning of the financial year	(108,620)	(70,270)
Loss after income tax benefit	(32,161)	(38,350)
Accumulated losses at the end of the financial year	(140,781)	(108,620)

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Note 31. Deed of cross guarantee (continued)

Consolidated balance sheet of the 'Closed Group'	2025 $'000	2024 $'000
Current Assets		
Cash and cash equivalents	15,303	46,534
Trade and other receivables	387	828
Inventories	-	184
Biological assets	-	379
	15,690	47,925
Non-current assets		
Property, plant and equipment	8,099	34,384
Exploration and evaluation assets	122,952	121,214
Biological assets	-	925
Other assets	33,989	13,304
	165,040	169,827
Total assets	180,730	217,752
Current liabilities		
Trade and other payables	1,908	3,413
Provisions	681	580
Unearned revenue	2,000	5,720
	4,589	9,713
Non-current liabilities		
Deferred tax	17,455	18,075
Provisions	100	80
	17,555	18,155
Total liabilities	22,144	27,868
Net assets	158,586	189,884
Equity		
Issued capital	281,350	281,462
Other equity	1,922	1,922
Reserves	16,095	15,120
Accumulated losses	(140,781)	(108,620)
Total equity	158,586	189,884

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Australian Strategic Materials Limited

Consolidated entity disclosure statement

As at 30 June 2025

Basis of preparation

This Group disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3B)(a) of the *Corporation Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

- Australian tax residency
  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency
  Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the *Corporations Act 2001*).

As at 30 June 2025

Entity Name	Type of Entity	Trustee, partner or participant in JV	% share capital	Place of incorporation	Australian Resident	Foreign jurisdiction(s)
Australian Strategic Materials Limited	Body corporate	-	n/a	Australia	Yes	n/a
Australian Strategic Materials (Holdings) Ltd	Body corporate	-	100%	Australia	Yes	n/a
Toongi Pastoral Company Pty Ltd	Body corporate	-	100%	Australia	Yes	n/a
ASM Metals Corporation Pty Ltd	Body corporate	-	100%	Australia	Yes	n/a
ASM Technology Corporation Pty Ltd	Body corporate	-	100%	Australia	Yes	n/a
ASM Korea Co. Ltd	Body corporate	-	100%	South Korea	No	South Korea
KSM Technology Co. Ltd	Body corporate	-	97%	South Korea	No	South Korea
Korea Strategic Metal Co. Ltd	Body corporate	-	100%	South Korea	No	South Korea

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Australian Strategic Materials Limited

Directors' declaration

30 June 2025

In the Directors' opinion:

(a) the financial statements and notes set out on pages 84 to 120 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company and Group will be able to pay its debts as and when they become due and payable, and

(c) the information disclosed in the attached consolidated entity disclosure statement is true and correct, and

(d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 31 will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 31.

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.



Rowena Smith
Managing Director

23 September 2025
Perth

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Independent auditor's report

To the members of Australian Strategic Materials Ltd

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Australian Strategic Materials Ltd (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2025
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2025
- the directors' declaration.

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Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which describes the directors' assessment of the ability of the Group to continue as a going concern. The events or conditions as stated in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

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Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor, or component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Carrying amount of Property, Plant and Equipment (Refer to note 10) As at 30 June 2025, the Group had $72.6 million of property, plant and equipment. The Group's market capitalisation was less than its net assets at reporting date and this was considered an indicator of impairment. As required by Australian Accounting Standards, the Group has performed an assessment to determine the recoverable amount of property, plant and equipment based on an estimate of its fair value less cost of	We performed the following procedures, amongst others: • Evaluated whether the Group's determination of CGUs was consistent with our understanding of the nature of the Group's operations and controls. • Considered the completeness and accuracy of management's impairment assessments. • Assessed the reasonableness of the valuation methodology, data and key assumptions used

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Key audit matter	*How our audit addressed the key audit matter*
disposal. No impairment was recognised as a result of this assessment. The assessment of impairment was a key audit matter because of the significant judgement involved in estimating the recoverable amount of the assets and the material impact on the financial report.	against the requirements of Australian Accounting Standards. • Examined the independent valuation reports obtained by the Group to assist their estimation of the recoverable value of certain property, plant and equipment assets. • Assessed the competency, qualification, experience and objectivity of experts used by the Group. • Considered the adequacy of the disclosure made in note 10 of the Consolidated Financial Statements in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2025.

In our opinion, the remuneration report of Australian Strategic Materials Ltd for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



PricewaterhouseCoopers



Ian Campbell
Partner

Perth
23 September 2025

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Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. All information is current as at 19 September 2025.

Distribution of Equity Securities

Analysis of the number of equity security holders by size of holding and the total percentage of securities in that class held by the holders in each category:

	Ordinary Shares					
	Shares			Options		
Holding Ranges	No. of holders	Total units	% Issued share capital	No. of holders	Total units	% Issued share capital
1 - 1,000	4,481	1,968,288	0.88%	472	75,659	0.53%
1,001 - 5,000	3,347	8,341,496	3.73%	36	84,454	0.59%
5,000 - 10,000	1,167	8,770,309	3.92%	22	169,221	1.18%
10,001 - 100,000	1,859	56,979,909	25.49%	51	1,539,101	10.73%
100,001 and over	247	147,483,197	65.98%	24	12,473,188	86.97%
	11,101	**223,543,199**	**100.00%**	**605**	**14,341,623**	**100.00%**

As at 19 September 2025, there were 3,923 holders of less than a marketable parcel of ordinary shares.

Twenty Largest Shareholders: ASM – Fully Paid Ordinary Shares

		Listed ordinary shares	
		Number of shares	% of shares on issue
1	ABBOTSLEIGH PTY LTD	19,996,918	8.95%
2	CITICORP NOMINEES PTY LIMITED	17,186,937	7.69%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,374,784	5.09%
4	ABBOTSLEIGH PTY LTD	7,011,685	3.14%
5	AUBURNVALLEY PTY LTD <THE AUBURNVALLEY A/C>	4,639,150	2.08%
5	LILYCREEK PTY LTD <THE LILYCREEK A/C>	4,639,150	2.08%
5	MAGNABAY PTY LTD <THE MAGNABAY A/C>	4,639,150	2.08%
6	BNP PARIBAS NOMS PTY LTD	4,024,020	1.80%
7	MR JUNSHI WANG	3,330,000	1.49%
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	2,628,072	1.18%
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,529,422	1.13%
10	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	2,463,784	1.10%
11	ABBOTSLEIGH PTY LTD <ABBOTSLEIGH S/F A/C>	1,780,905	0.80%
12	MR SHENCHEN GU	1,474,995	0.66%
13	ABBOTSLEIGH PTY LTD	1,383,750	0.62%
14	ILG ESTATE CO 2 PTY LTD	1,155,882	0.52%
15	ILG ESTATE CO 1 PTY LTD	1,155,881	0.52%
15	ILG ESTATE CO 4 PTY LTD	1,155,881	0.52%
15	ILG ESTATE CO 3 PTY LTD	1,155,881	0.52%
16	FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	1,107,427	0.50%
17	MILFORD PARK SUPERANNUATION PTY LTD <MILFORD GROVE SUPERFUND A/C>	1,080,000	0.48%
18	MRS TANIA MARIE MOODY	983,249	0.44%
19	LEEFAB PTY LTD	955,000	0.43%
20	XETROV PTY LIMITED	885,426	0.40%
	Totals	**98,737,349**	**44.17%**
	Total issued capital - selected security class(es)	**223,543,199**	**100.00%**

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Unquoted Equity Securities

As at 19 September 2025, there are 4,549,661 performance rights issued under the ASM Executive Incentive Plan to take up ordinary shares, issued to 10 holders.

Twenty Largest Shareholders: ASMO – Listed Options

		Listed options	
		Number of options	% of shares on issue
1	CITICORP NOMINEES PTY LIMITED	5,057,835	35.27%
2	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	1,465,517	10.22%
3	UBS NOMINEES PTY LTD	1,336,207	9.32%
4	MR DARIUSH BORJIAN	956,500	6.67%
5	ABBOTSLEIGH PTY LTD	486,434	3.39%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	392,376	2.74%
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	273,504	1.91%
8	MR DARRYL LLOYD PILGRIM	228,857	1.60%
9	MR KEVIN EDWARD DEEVES & MRS PAULINE MARY DEEVES	210,000	1.46%
10	MRS JIEYA ZHU	206,083	1.44%
11	CEST LA VIE INVESTMENT PTY LTD <KAIWU JIANG INVESTMENT A/C>	184,585	1.29%
12	MR JUSTIN PATRICK LYNCH	178,000	1.24%
13	ABBOTSLEIGH PTY LTD	171,017	1.19%
14	MR SIMON POON KIAT LIM	154,400	1.08%
15	MR KURT SCHMIDTKE	150,000	1.05%
16	CERTANE CT PTY LTD <BC1>	129,310	0.90%
17	MR PETER KELLY & MRS NURIA KELLY <KIZIME PL SUPER FUND A/C>	125,000	0.87%
18	QUIGLEY NOMINEES INTERNATIONAL PTY LTD <QUIGLEY COMMERCIAL DISC A/C>	120,000	0.84%
19	AUBURNVALLEY PTY LTD <THE AUBURNVALLEY A/C>	113,150	0.79%
19	MAGNABAY PTY LTD <THE MAGNABAY A/C>	113,150	0.79%
19	LILYCREEK PTY LTD <THE LILYCREEK A/C>	113,150	0.79%
20	MR ANTHONY JAMES DAVIES	105,000	0.73%
	Totals	**12,270,075**	**85.56%**

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001, are:

Security Class: ASM - Fully Paid Ordinary Shares

Holder Name	Holding Balance
IAN JEFFREY GANDEL	34,796,783
CHAPELGREEN PTY LTD	9,990,582

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

a. All ASM ordinary shares (whether fully paid or not) carry one vote per share without restriction.
b. All ASMO options have no voting rights.

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Schedule of Mining Tenements

as at 30 June 2025

Tenement location	Tenement	Interest	Nature of interest
Dubbo, NSW	EL 5548	100%	Equity
Dubbo, NSW	EL 7631	100%	Equity
Dubbo, NSW	ML 1724	100%	Equity

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