Rare Earths.
Critical Minerals.
High-tech Metals.

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ASX Release

30 January 2026

Quarterly Activities Report to 31 December 2025

Australian Strategic Materials (ASM or the Company) (ASX: ASM) is pleased to provide its Quarterly Activities Report to 31 December 2025 (the Quarter). The Company has continued to progress its strategic objectives, in line with its mine to metals strategy.

Highlights

- **Increased alloy delivery**
  75% increase in NdFeB alloy delivery quarter-on-quarter at the Korean Metals Plant (KMP), with approximately 24.3 tonnes dispatched.
- **Heavy rare earth progress**
  Pilot-scale heavy rare earth metallisation furnace factory acceptance testing progressed, with installation at KMP expected Q1 2026.
- **KMP expansion**
  Phase 2 expansion activities progressing well, positioning the facility to increase current NdFeB alloy production capacity to approximately 3,600 tpa.
- **Dubbo Project development**
  Progressed the Heap Leach Option PFS, including exploring a potential alternative development pathway to produce an intermediate mixed rare earth hydroxide.

Post Quarter activities

Post 31 December 2025, ASM announced it has received an offer of acquisition from Energy Fuels Inc. The proposed transaction represents a transformational opportunity for the Company and has the potential to provide ASM shareholders with significant value uplift and deliver a near-term Western “mine to metal & alloy” rare earths champion.

Commentary from ASM Managing Director and CEO, Rowena Smith:

“Over the past two quarters, ASM has experienced growing momentum across the business, driven by increasing orders for NdFeB alloy and the market’s clear recognition of ASM as one of the very few commercial producers of rare earth metals and alloys outside China. This strengthening demand profile underscores the strategic importance of our Korean Metals Plant (**KMP**) and ASM’s position within a rapidly evolving global supply chain seeking secure, diversified and transparent sources of critical minerals. In response to this demand and funded by our recent capital raising activities, we have commenced – and are progressing well with – our product and capacity expansion at the KMP, positioning us to deliver increased volumes of high-purity alloys to our customers.

"As I outlined at our AGM, ASM has been actively advancing discussions with strategic partners to accelerate the scale-up of our mine to metals strategy. Our demonstrated ability to produce and sell rare earth metals and alloys outside China – including our first commercial sales of heavy rare earth metals – together with the long-life, world-class Dubbo Project, has attracted interest from a range of potential partners.

"It was through this strategic engagement process that we connected with Energy Fuels, a leading US critical minerals producer whose ambitions and capabilities are highly complementary to our own. The result is the transformational transaction announced in January. This proposed acquisition, which has been unanimously recommended by the ASM Board, represents an exciting and compelling opportunity to combine two Western rare earth businesses with aligned values and accelerate the execution of our mine to metals strategy. It offers significant value uplift for shareholders while providing ongoing exposure to a larger, better capitalised critical minerals business with proven operating capability and strong alignment with government interests in both Australia and the United States.

"While we work through the necessary regulatory and shareholder approval processes over the coming months, our team remains firmly focused on delivering against our operational objectives – ramping up alloy production at the KMP, advancing customer relationships, and progressing the Dubbo Project. There remains important work to be done.

"I want to thank our shareholders for their continued support during what has been a pivotal period for ASM. I am confident that the proposed combination positions ASM's assets and capabilities to deliver on their full potential – creating a near-term Western supply chain for both light and heavy rare earth metals and alloys."

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POST QUARTER ACTIVITIES

Scheme Implementation Deed

On 21 January, ASM announced it had entered into a binding Scheme Implementation Deed (**SID**) with Energy Fuels Inc. (NYSE: UUUU; TSX: EFR) (**Energy Fuels**) under which it is proposed that Energy Fuels will acquire 100% of the issued share capital of ASM by way of a court-approved Scheme of Arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (**the Scheme**).

Under the terms of the Scheme, each eligible ASM shareholder will be entitled to receive a total implied value of A$1.60 per ASM share,[1] comprising:



ASM Managing Director & CEO Rowena Smith and Energy Fuels CEO Mark S Chalmers.

- **Scheme Consideration:** 0.053 Energy Fuels shares or CHESS Depositary Interests (**CDIs**), for each ASM share held as at the record date, representing an implied equity value of A$1.47[2] per ASM share (**Scheme Consideration**); and
- **Special dividend:** an unfranked special dividend of up to A$0.13 per ASM share, permitted to be paid by ASM prior to implementation of the Scheme (**Special Dividend**).

ASM and Energy Fuels have also agreed under the SID the terms for a separate, but concurrent, scheme of arrangement, under which it is proposed that ASM's quoted options (ASX: ASMO) (**Options**) will be transferred to Energy Fuels in exchange for each Option holder receiving A$0.50 cash per ASM Option (**Option Scheme**).The Scheme is not conditional on the Option Scheme proceeding. However, the implementation of the Option Scheme is conditional on the Scheme becoming effective.

Full details of the transaction structure and strategic rationale can be found in the acquisition announcement, '*Energy Fuels to acquire Australian Strategic Materials*' (21 January 2026).

Board recommendation and shareholder support

The ASM Board of Directors (**the Board**) unanimously recommends that ASM shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of ASM shareholders.

[1] Assumes that a special dividend of $0.13 per ASM share is declared and paid. Payment of the special dividend is conditional on the Scheme becoming legally effective and compliance with the requirements of section 254T of the Corporations Act, ASM's constitution and applicable law.
[2] Based on Energy Fuels' 15-Day VWAP as at 16/01/2026.

Implementation of the Scheme is subject to customary conditions for a transaction of this nature, including:

- approval of the Scheme by the requisite majorities of ASM shareholders (being at least 75% of votes cast and 50% by number of ASM shareholders present and voting at the Scheme Meeting);
- approval by the Federal Court of Australia;
- the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of ASM shareholders;
- receipt of key regulatory approvals such as the Australian Foreign Investment Review Board;
- approval for listing of Energy Fuels share consideration on NYSE American and TSX, and quotation of Energy Fuels CDI consideration on ASX;
- no material adverse change, prescribed occurrence or regulated event occurring in respect of ASM and no material adverse change or prescribed occurrence occurring in respect of Energy Fuels; and
- other customary conditions precedent.

Implementation of the Scheme

ASM expects to dispatch a Scheme Booklet containing further information in relation to the Schemes to ASM shareholders in due course. The Scheme Meeting is expected to be held in the second quarter of calendar year 2026 and, if approved by ASM shareholders and the Court, the Scheme is expected to be implemented prior to 30 June 2026. ASM will keep the market informed of any material developments relating to the Schemes in accordance with its continuous disclosure requirements.

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METALS & ALLOYS

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

Korean Metals Plant

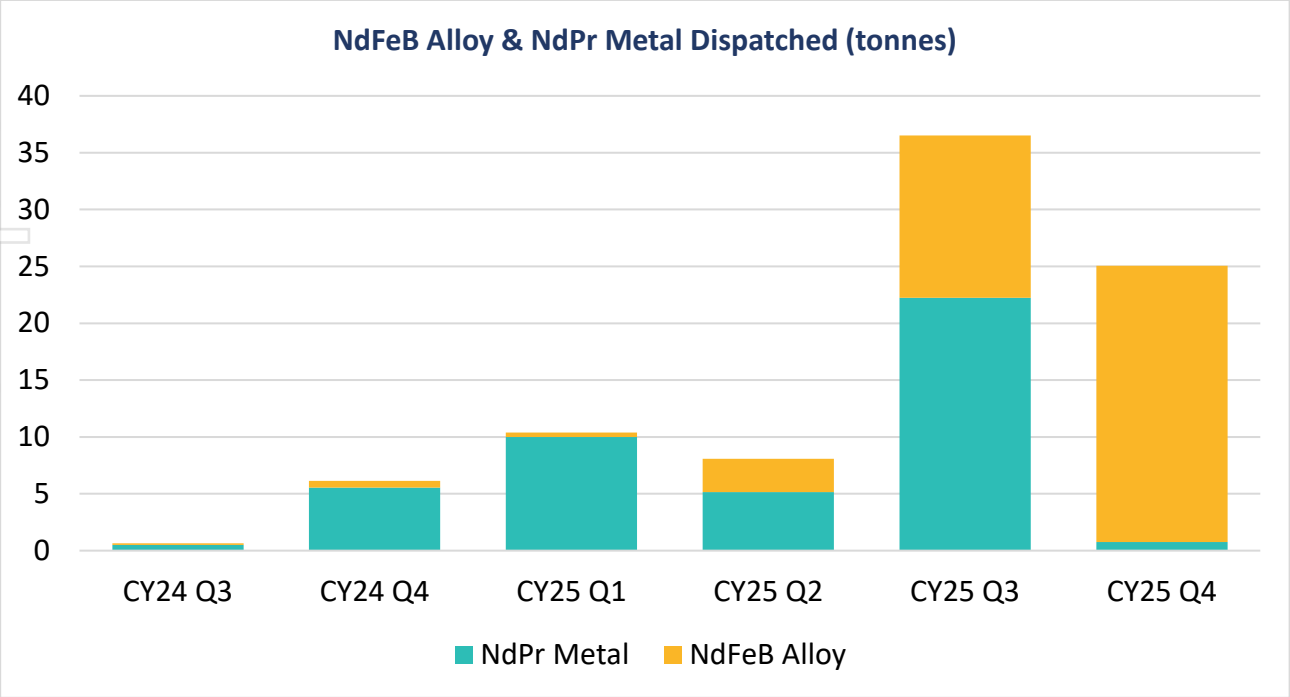
Safety

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

Production

The positive market momentum experienced in Q3 2025 continued during the December quarter, with strong and sustained inbound enquiries to the KMP from magnet manufacturers and OEMs. As demand for the rare earth metals and alloys produced at the KMP increases, ASM's broader role in developing a secure, alternative critical minerals supply chain has gained further traction.

In response to this growing demand, ASM has commenced – and is progressing well with – its Phase 2 ramp-up activities at the KMP. This work will increase production capacity to 3,600 tpa of NdFeB alloy and is a key enabler in meeting the expanding requirements of ASM's customer base. Recent capital raising activities have provided the necessary funding to execute Phase 2 ramp-up and will also support further downstream expansion opportunities in Korea and/or the United States.



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Neodymium iron boron (NdFeB) strip alloy

The KMP achieved a 75% increase in NdFeB alloy delivery quarter-on-quarter, with approximately 24.3 tonnes dispatched, compared to 13.9 tonnes dispatched in Q3 2025.

ASM is actively engaged in discussions with both existing customers and others regarding further sales, reflecting growing market interest and confidence in the KMP's product offering.

As outlined at ASM's Annual General Meeting in November 2025, ASM is prioritising NdFeB alloy production at the KMP given its more favourable margin profile. The 75% increase in alloy dispatched this Quarter reflects this strategic focus. Correspondingly, NdPr metal dispatch volumes have reduced as production capacity is increasingly directed toward alloy output (see graph above).

ASM will update the market as customer discussions progress and new sales agreements are concluded.

Metal

Nd & NdPr

ASM produced 2.6 tonnes of neodymium-praseodymium (**NdPr**) metal during the Quarter in support of existing customer requirements. As noted above, production and dispatch volumes reflect the Company's current strategic focus on NdFeB alloy, where margins are generally more favourable.

ASM continues to maintain its NdPr metal production capability and remains well-positioned to respond to customer demand as market opportunities arise. The flexibility to produce both metal and alloy from the KMP provides ASM with optionality to adapt its product mix in response to evolving market dynamics and customer requirements.

Tb & Dy

ASM's progress in heavy rare earth metallisation accelerated markedly during the Quarter, building on the landmark achievement of the Company's first commercial heavy rare earth metal sales in Q3 2025. This capability – held by only a handful of producers globally – continues to set ASM apart as a genuine Western supplier of high-purity dysprosium (Dy) and terbium (Tb) metals.

In December, ASM successfully produced and delivered the remaining 13 kilograms of Dy metal to Neo Performance Materials, completing the Company's initial heavy rare earth supply commitment. Production of Tb metal continued following completion of the Dy order.

Momentum also continued in scaling up ASM's heavy rare earth production capability. The pilot-scale heavy rare earth metallisation furnace factory acceptance testing is progressing, with installation at the KMP expected in Q1 2026 and cold and hot commissioning to continue through March.

Subject to raw material availability and sales commitments, ASM is targeting commencement of commercial-scale heavy rare earth metal production towards the end of 2026. Customer interest for heavy rare earth metals continues to grow strongly, with interest from global manufacturers seeking secure, non-China supply of these critical magnet materials.

With China's export restrictions on heavy rare earths still in place, ASM's proven ability to produce commercial-grade Dy and Tb metals outside China represents a significant achievement – not only for the Company but for the resilience of the global supply chain. ASM is well-positioned to fill a critical gap in the

market and support the development of a diversified, geopolitically secure supply chain for the world's most strategically important magnet materials.

Ramp-up activities

ASM continued to progress Phase 2 expansion activities at the KMP during the Quarter, positioning the facility to increase its current NdFeB alloy production capacity to approximately 3,600 tonnes per annum.

Engineering scope and detailed sequencing have been finalised, with the expansion schedule now being actively tracked. Key vendors have been engaged on technical and commercial inputs, and procurement activities are progressing in alignment with the expansion plan. Civil foundation works are expected to commence in the coming months, with installation and construction activities to follow.

In parallel, consumables procurement is underway to support both the neodymium expansion and strip caster ramp-up, with long lead items being prioritised.

Planning for additional recruitment to support the expanded operations is also progressing, with recruitment expected to commence in early 2026 subject to approvals and sales commitments.

Feedstock

A critical component of ASM's mine to metals strategy is securing reliable, non-China sources of rare earth oxides to support metal and alloy production at the KMP. ASM continues to engage with oxide suppliers across the United States, Canada, Australia and Europe to establish a diversified feedstock pipeline. This approach strengthens operational flexibility and aligns with ASM's broader objective of contributing to the development of secure, alternative rare earth supply chains.

The proposed transaction with Energy Fuels, announced in January, would further enhance ASM's feedstock position. Energy Fuels operates the only facility in North America capable of processing monazite into separated rare earth oxides, providing a strategically aligned source of supply that complements ASM's downstream metallisation capability.

American Metals Plant

Strategic expansion

ASM's plans to establish a metals plant in the United States remain a key pillar of the Company's mine to metals strategy and a critical enabler of secure, non-China supply chains for rare earth metals and alloys.

During the Quarter, ASM continued engagement with shortlisted US states, progressing site evaluation and assessing available incentive packages. As outlined at the Company's Annual General Meeting in November, ASM had identified six priority states for detailed consideration – Utah, Texas,



L-R: Utah Governor Spencer Cox, ASM's Rowena Smith and Annaliese Eames, and Jefferson Moss, Executive Director at the Governor's Office of Economic Opportunity, meeting at IMARC 2025.

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South Carolina, Oklahoma, Kentucky and Ohio – each offering strategic proximity to emerging magnet manufacturers, potential feedstock partners, or established critical minerals infrastructure.

At the AGM, Managing Director and CEO Rowena Smith noted the significant interest from both state governments and potential partners, stating that ASM would align its state and site selection decisions concurrently in early 2026 to ensure the optimal outcome for partners and stakeholders.

Following the announcement of the Energy Fuels transaction in January, the strategic context for ASM's US expansion has evolved. Energy Fuels operates the White Mesa Mill in Utah – the only facility in North America capable of processing monazite into separated rare earth oxides – and has significant experience in building, commissioning and operating upstream processing assets. If the transaction proceeds, ASM's US metallisation ambitions would be progressed within a larger, better-capitalised group with established US operations and strong alignment with government funding and incentive programs.

ASM's proposal to the US Department of Defense (now Department of War) for potential funding support remains under consideration. ASM will continue to engage with federal and state stakeholders as the proposed transaction progresses.

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MINING & REFINING

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

Dubbo Project

Rare Earth Options Assessment

Work on the Rare Earth Options Assessment (**REOA**) continued during the Quarter, building on the Heap Leach Scoping Study released in July 2025.[3] The Scoping Study demonstrated a transformative pathway for the Dubbo Project – a simplified flowsheet with lower capital requirements, first-quartile operating costs (excluding China), and an accelerated pathway to rare earth production.

ASM is progressing toward delivery of a Pre-Feasibility Study (**PFS**) for the heap leach approach, leveraging the Company's extensive prior technical and engineering work.

The REOA work has been supported by funds secured under the Australian Federal Government's International Partnerships in Critical Minerals (**IPCM**) grant program. A project extension was approved during the Quarter, with a revised end date of 30 June 2026.

During the Quarter, ASM continued to advance all key technical and site activities supporting the heap leach development pathway. This included further metallurgical testing, engineering work to refine plant design and cost estimates, continued site drilling to provide samples for analysis, and continued optimisation of the processing flowsheet. Collectively, these workstreams are critical to validating the technical and economic viability of the Heap Leach Option and will feed directly into the PFS, informing plant design, infrastructure planning, permitting requirements, and financial modelling. Completion of the PFS remains on track to be delivered in H1 2026.

In parallel with this work, ASM has also advanced high-level assessments of a potential alternative development pathway involving the processing and production of an intermediate mixed rare earth hydroxide product from the Dubbo Project.

This approach has the potential to:

- reduce overall project capital and operating costs;
- accelerate initial development timeframes;
- position ASM to respond quickly to evolving global demand; and
- leverage complementary downstream processing capabilities – for example, and relevantly in the context of the transaction with Energy Fuels, their ability to undertake final processing to produce rare earth oxides at its White Mesa facility.

This additional potential development strategy positions ASM to be flexible to meet the evolving developments of the rare earth global ecosystem, while retaining the long-term potential for full value realisation from the Dubbo Project.

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

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Funding and offtake

Momentum within the rare earths sector continued to build during the Quarter, as demand for an alternative secure supply chain grew amid an increasingly volatile environment. The announcement of additional rare earth export restrictions by China on 9 October 2025 prompted significant market movements for rare earth producers and those in development.

In this environment, ASM continued to prioritise the cultivation of strategic partnerships that would further the Company's objectives, with multiple opportunities explored. The announcement of the proposed transaction with Energy Fuels on 21 January 2026 is testament to this work and a growing recognition in the sector that a secure, reliable alternative rare earth supply chain requires cooperation and collaboration.

ASM has continued to engage constructively with prospective offtake partners throughout the Quarter. The proposed transaction with Energy Fuels presents an opportunity to further strengthen these discussions, and ASM will work closely with counterparties to assess how the combined group's expanded capabilities and integrated mine to metals and alloy strategy may enhance future offtake arrangements. Early feedback has been positive, with potential offtake parties recognising the potential benefits of a larger, well-capitalised Western rare earths supplier with complementary processing capacity.

In the near term, ASM's focus remains firmly on growing the customer and sales pipeline for the Korean Metals Plant, while detailed planning commences on the integration of the Dubbo Project within the broader Energy Fuels group.

Discussions with KCF Energy Co. Ltd (**KCF**) continued through the Quarter. While both parties have mutually agreed not to extend the existing framework agreement beyond the expiry of 31 December 2025, the relationship remains constructive and ASM and KCF continue to engage positively on potential opportunities of shared interest. Dialogue will remain open as ASM progresses its strategic development pathway and evaluates future partnership options.

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ESG

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

Korean Metals Plant

ASM maintained its strong focus on safety, environmental management and quality systems at the Korean Metals Plant (**KMP**) during the Quarter.

Safety and health

The KMP participated in a Safety and Health System Consulting program supported by the Korean Ministry of Employment and Labor. This program concluded in November following a comprehensive evaluation of the facility's risk assessment systems, on-site risk factors, leadership commitment to safety and health, and subcontractor safety procedures. No non-conformities or recommendations were identified, with KMP's risk assessment procedures and internal management system verified as meeting the appropriate standards.

In November, the KMP conducted a company-wide fire and chemical-incident response drill, incorporating document-based instruction, scenario-based firefighting training and a full evacuation exercise. Additional fire safety training was conducted at the Chungbuk Safety Experience Center in December, covering earthquake and fire response procedures, everyday safety, and basic CPR.

Preparatory work also commenced to support future heavy rare earth metal production, including a site visit to a specialist materials management facility to benchmark best-practice storage and handling procedures.

Quality and environmental management

Surveillance audits for ISO 9001 (Quality Management Systems) and ISO 14001 (Environmental Management Systems) were completed during the Quarter, with certifications remaining valid.

The IATF 16949 (Automotive Quality Management) surveillance audit was also completed, with no major non-conformities identified and certification remaining valid.

These ongoing audit and certification activities reflect ASM's commitment to maintaining best-practice operational standards as the KMP continues to scale production.

The Dubbo Project

Macquarie Agricultural Program

In December, the 2025 cohort of Macquarie Anglican Grammar School (**MAGS**) students graduated from the Macquarie Agricultural Program (**MAP**) support by ASM's subsidiary Toongi Pastoral Company (**TPC**). A graduation dinner was held for 70 MAGS staff, parents and students – with meat for the meal supplied by TPC.

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CORPORATE

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

Institutional Placement

During the Quarter, ASM completed an Institutional Placement to raise approximately A$55 million (before costs) at A$1.20 per share (**the Placement**).[4]

With strong support from both new and existing domestic and international investors, the proceeds of the Placement will allow ASM to complete the planned expansion of the KMP to 3,600 tpa of alloy and support ramp-up activities, enabling the Company to service the growing demand of existing customers and the increasing number of enquiries received in recent months.



All proposed resolutions were strongly approved by shareholders at the ASM Annual General Meeting in November.

In addition, ASM proposes to advance additional expansion initiatives – either preparing for Phase 3 of the KMP to 5,600 tpa of alloy or planning for the development of an American Metals Plant.[5] The Company will also pursue strategic partnerships and opportunities aligned with ASM's goal of creating an alternative global supply chain for critical minerals.

Funds raised include support from the Company's Chair and major shareholder, Mr Ian Gandel, Non-Executive Director Mr Dominic Heaton, and existing substantial shareholder Chapelgreen Pty Ltd. The issue of shares to Mr Gandel, Mr Heaton and Chapelgreen Pty Ltd (or their respective nominee(s)) is subject to ASM shareholder approval, which is intended to be sought at an extraordinary general meeting (EGM) of the Company expected to be held on 23 February 2026.

Annual General Meeting

ASM held its Annual General Meeting (**AGM**) on 26 November 2025. The event was conducted in person in Perth, Western Australia and webcast live for remote viewing. All proposed resolutions were strongly approved by shareholders.[6] Managing Director and CEO Rowena Smith delivered a presentation to provide shareholders and stakeholders with an update on business activities delivered in 2025 and planned for 2026.

A recording of the AGM, including Ms Smith's presentation and accompanying slides, is available on the ASM website.[7]

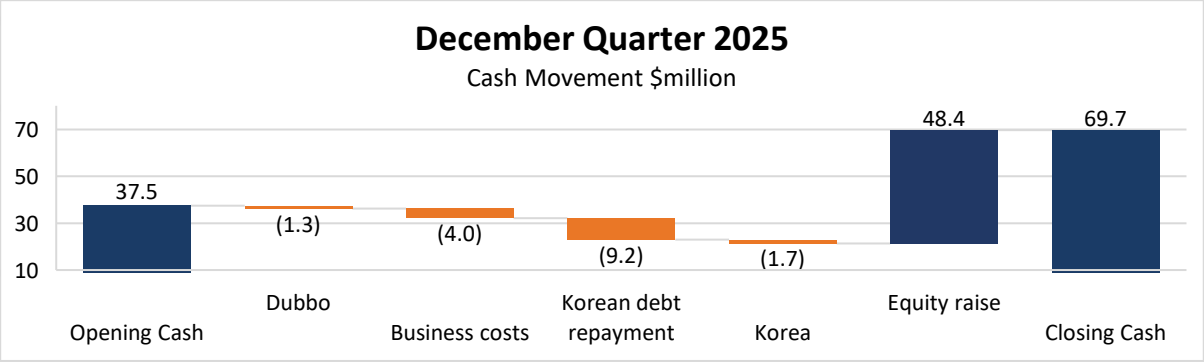
[4] Refer ASX release, 20 October 2025: ASM successfully raises A$55M to ramp-up alloy output and drive metallisation growth initiatives
[5] This is an aspirational statement and not intended to be a forecast, as the Company does not yet have reasonable grounds to expect that this will be achieved.
[6] Refer ASX release, 26 November 2025: Results of Annual General Meeting
[7] https://asm-au.com/watch-2025-annual-general-meeting/

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Cash

ASM's cash position as at 31 December 2025 was A$69.7 million. The following waterfall chart highlights cash movements during the Quarter, including:

- A$1.3 million of investment in the Dubbo Project for the rare earths option assessment, including process engineering, metallurgical and drilling, net of Australian Government grants.
- A$4.0 million of business costs relating to business development, marketing and administration.
- A$9.2 million loan repayment of the Korean Development Bank (**KDB**) loan facility.
- A$1.7 million of Korean expenditures are principally related to inventory, administrative, and personnel costs, net of Korean Government grant funding and sales.
- A$48.4 million net proceeds from capital raising activity during the Quarter.



Banking facilities

During the Quarter ended 30 June 2025, the Group successfully executed two Korean loan facilities totalling ₩12 billion as part of a refinance of existing Korean loan facilities associated with the Company's Korean Metals Plant.

During the Quarter ended 31 December 2025, the Group fully repaid its ₩9 billion (A$9.2 million) loan facility with KDB ahead of schedule, reducing its remaining debt balance to ₩3 billion (A$3.1 million) with Hana Bank (**Hana**). For further details on the Hana loan facility, please refer to Appendix 5B, item 7.

Market outlook

Sales of electric vehicles set a record in 2025 at 20.7 million units according to Benchmark Mineral Intelligence[8], a rise of 20% in comparison to 2024. While China recorded the largest absolute quantity of vehicles sold at 12.9 million, Europe witnessed the highest growth rate of the major markets at 33%. This was due to car makers accelerating the roll out of both battery electric and plug-in hybrid models to meet EU tailpipe emissions targets, even as these were relaxed in recognition of the difficulty in meeting previously legislated clean mobility regulations under the European Commission's 'Fit for 55' roadmap. Concurrently, although sales of 1.8 million vehicles in the US were underwhelming, the impending launch by several OEMs of range-extended models that are more aligned with consumer preferences offers hope of a rebound in the

[8] https://source.benchmarkminerals.com/article/global-ev-sales-reach-20-7-million-units-in-2025-growing-by-20

second half of the decade. However, the policy settings of the White House, such as the elimination of incentives and rolling back of emission standards, are not supportive of the longer-term demand picture.

On 9 October China announced a further tightening of export controls on rare earths with the imposition of extraterritorial reach on foreign-made products containing Chinese-origin materials marking a significant escalation in Beijing's assertion of industry power. Although a 12-month moratorium has since been imposed following a meeting between Presidents Trump and Xi Jinping in South Korea, the episode served to highlight the urgency required to develop an independent, secure supply chain for these critical minerals.

NdFeB: Prices rose across the rare earths complex in the Quarter, with those for NdPr oxide and metal increasing by 13.5% and 13.1% respectively due to reduced availability as refineries limited output to avoid exceeding annual production quotas. In addition, with the issuance of general export licenses to some magnet makers in China reviving access to international markets, as well as the continuing build out of NdFeB magnet capacity globally, prices for high grade magnet alloys also rose by an average of 5.7% over the period.

Zirconia: Prices plateaued into the end of the year, finishing 2025 at $1,925/t, $10/t lower than at the beginning of October. This was unsurprising given that demand from the refractory and ceramics segments tends to fall with seasonality in construction in western markets. Meanwhile continued weakness in the Chinese real estate sector is still weighing on global consumption, although strength in the zirconia and zirconium chemicals segments are partially offsetting this. Notwithstanding nearby market dynamics, at the same time there has been a revival in interest from counterparts looking to secure zirconium units into the medium term.

Hafnium: Hafnium prices in Europe more than doubled in the Quarter to a record $9,400/kg. Demand from new applications has created a market shortage, exacerbated by the limited availability of hafnium units from China to supplement western production that is confined to nuclear industry players. With the boom in AI requiring hafnium both for semiconductors and the industrial gas turbines (IGTs) that power data centers, this has created a structural imbalance between supply and demand that has become ever more apparent with the depletion of previously accumulated stockpiles.

Niobium: Prices for niobium ingot eased from multi-year highs above $100/kg in Q3 2025 to $90/kg by the end of December. Nonetheless, with niobium used in nickel based super alloys in aerospace applications like rings, castings and formed sheet parts, melters must replenish stocks to maintain schedules as they strive to meet surging demand from manufacturers like Boeing and Airbus who are themselves contending with growing aircraft backlogs.

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MINING TENEMENTS

Australian Strategic Materials Limited confirms the following information as at 31 December 2025 (as required by ASX Listing Rule 5.3.3).

Tenements	Mining tenements acquired during the quarter	Mining tenements disposed of during the quarter	Mining tenements held at the end of the quarter	Tenement location
EL 5548	N/A	N/A	100%	Dubbo NSW
EL 7631	N/A	N/A	100%	Dubbo NSW
ML 1724	N/A	N/A	100%	Dubbo NSW

No exploration or other mining activities have occurred for the Quarter (as required by ASX Listing Rule 5.3.1).

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GLOSSARY

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

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FORWARD-LOOKING STATEMENTS

This report contains certain statements which constitute "forward-looking statements". Often, but not always, forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "plan", "believes", "estimate", "anticipate", "should", "could", "may", "will", "predict", "plan" "forecast", "likely", "future", "project", "opinion", "opportunity", "intend", "target, "propose", "to be", "foresee", "aim", "outlook" and "guidance", or similar expressions, and may include, without limitation, statements regarding plans; strategies and objectives of management; anticipated production and production potential; estimates of future capital expenditure or construction commencement dates; expected costs or production outputs; estimates of future product supply, demand and consumption; statements regarding future product prices; and statements regarding the expectation of future Mineral Resources and Ore Reserves.

Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. While these forward-looking statements reflect the Company's expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. The information is based on the Company forecasts and as such is subject to variation related to, but not restricted to, economic, market demand/supply and competitive factors.

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

Forward-looking statements, opinions and estimates provided in this document are based on assumptions and contingencies that are subject to change without notice. There can be no assurance that actual outcomes will not differ 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 report in light of those risks and disclosures. Neither the Group, nor any of its directors, officers, employees, agents or advisers makes any representation or warranty, express or implied as to the accuracy, likelihood of achievement or reasonableness of any forward-looking statement contained in this report. Except as required by law or regulation (including the ASX Listing Rules), none of the Group, nor any of its directors, officers, employees, agents or advisers undertakes any obligation to supplement, revise or update forward-looking statements or to publish prospective financial information in the future, regardless of whether new information, future events, results or other factors affect the information contained in this report.

This ASX announcement was authorised by the ASM Board.

- ENDS -

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APPENDIX 5B

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

Name of entity	
Australian Strategic Materials Ltd	
ABN	**Quarter ended ("current quarter")**
90 168 368 401	31 December 2025

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,402	4,464
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(974)	(3,468)
	(d) staff costs	(3,055)	(6,711)
	(e) administration and corporate costs	(2,716)	(4,681)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	408	597
1.5	Interest and other costs of finance paid	(6)	(12)
1.6	Income taxes received / (paid)	-	(14)
1.7	Government grants and tax incentives	612	1,239
1.8	Other (provide details if material)	308	365
1.9	**Net cash from / (used in) operating activities**	**(4,021)**	**(8,221)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(407)	(584)
	(d) exploration & evaluation	(2,766)	(4,098)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	(4)	(20)
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
	Government grants and tax incentives	1,290	2,590
2.6	**Net cash from / (used in) investing activities**	**(1,887)**	**(2,112)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)*	50,751	75,613
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	2	2
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2,384)	(3,999)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(9,238)	(9,238)
3.7	Transaction costs related to loans and borrowings	(204)	(411)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**38,927**	**61,967**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	37,510	19,013
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,021)	(8,221)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,887)	(2,112)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	38,927	61,967
4.5	Effect of movement in exchange rates on cash held	(858)	(976)
4.6	**Cash and cash equivalents at end of period**	**69,671**	**69,671**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	18,752	12,760
5.2	Call deposits	50,919	24,750
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**69,671**	**37,510**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	365
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

During the quarter ended 31 December 2025, item 6.1 cash payments totalled $365,000. These payments included Director's fees, travel, consulting and superannuation. Other related parties' payments included $58,000 paid to Alkane Resources Limited for personnel and office services.

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7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	3,113	3,113
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Group holds one Korean Won (~~₩~~) loan facility with the Hana Bank in South Korea. Details of the facility are outlined below:

	Hana Bank Industrial Facility - Opex
Facility amount	~~₩~~ 3,000,000,000
Amount drawn	~~₩~~ 3,000,000,000
Repayment date	30 May 2026
Lender	Hana Bank
Interest	4.12% - 6 months variable KDB 6-month financial debenture rate (on date of transfer) + 1.242% pa.
Security	Unsecured

Loan facility is classified as a current liability in accordance with the terms and conditions.

8.	Estimated cash available for future operating activities	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,021)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,766)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(6,787)
8.4	Cash and cash equivalents at quarter end (item 4.6)	69,671
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	69,671

8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	10.3

Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

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8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2026

Authorised by: The Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – e.g. Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.