

23 October 2023

## AUSTRALIAN STRATEGIC MATERIALS – 2023 ANNUAL GENERAL MEETING

Dear Shareholder,

I am pleased to invite you to attend the 2023 Annual General Meeting of Australian Strategic Materials Ltd (ASM), which will be held at 10:00am (AWST) on Wednesday, 22 November 2023 (**Meeting**) at The Park Business Centre, 45 Ventnor Avenue West Perth, Western Australia 6005.

In accordance with the Corporations Act 2001 (Cth), the Notice of Meeting and the accompanying Explanatory Statement are being made available to shareholders electronically. The ASM Notice of Meeting is available for you to view and download on the ASM website at <https://asm-au.com/asx/> or from the ASX announcements website (www.asx.com.au) using the ASX code: ASM.

Shareholders will be able to participate in person and vote at the Meeting venue or view a live webcast of the meeting through the Advanced Share Registry online platform (webcast link: <https://www.advancedshare.com.au/Dashboard/Meeting-Casting-Control?meetingid=ASM0004>).

Your participation in the Meeting is important to us. If you are unable to attend the Meeting at the scheduled time, you can participate in the Meeting by lodging a proxy vote. As voting on all resolutions at the Meeting will be conducted by poll, your lodged proxy vote will be included in the vote on each resolution.

Shareholders can either lodge the proxy appointment online at [www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login) or sign and return the proxy form to the Company's share registry, Advanced Share Registry, in accordance with the instructions on the form, so that it is received by 10:00 am (AWST) on 20 November 2023.

ASM is committed to promoting positive environmental outcomes, so we encourage all shareholders to provide an email address to receive their communications online. This ensures we are providing you with the information you need in the fastest, most cost-effective manner possible, while also significantly reducing our environmental impact.

You can make an election as to whether you would like to receive certain documents, including annual reports and documents related to shareholder meetings (for example, notices of meeting and proxy/voting forms), as follows:

1. You can make a standing election to receive the documents in physical or electronic form;
2. You can make a one-off request to receive a document in physical or electronic form; or
3. You can elect not to receive certain documents such as annual reports.

To update your communication preferences online, visit [www.advancedshare.com.au/Dashboard/Company-Communication-Update?Conum=237](http://www.advancedshare.com.au/Dashboard/Company-Communication-Update?Conum=237). Follow the prompts to update your information, add your email address and update your 'Communications' preferences.

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For a detailed overview of ASM's performance and operations for the year ended 30 June 2023, I encourage you to read the 2023 Annual Report prior to the Meeting. The 2023 Annual Report can be found on the ASM website at [www.asm-au.com](http://www.asm-au.com).

If you are unable to access the meeting materials online, please call Joint Company Secretary, Dennis Wilkins on +61 8 9389 2111.

For and on behalf of the Board,



**Dennis Wilkins**  
Joint Company Secretary

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# Australian Strategic Materials Ltd

ACN 168 368 401

**NOTICE OF ANNUAL GENERAL MEETING  
EXPLANATORY STATEMENT  
AND  
PROXY FORM**

**DATE OF MEETING**

22 November 2023

**TIME OF MEETING**

10:00 AM (AWST)

**PLACE OF MEETING**

The Park Business Centre  
45 Ventnor Avenue West Perth,  
Western Australia 6005

***THIS DOCUMENT IS IMPORTANT***

*If you do not understand this document or are in doubt as to how you should vote, you should consult your stockbroker, solicitor, accountant or other professional adviser.*

THE 2023 ANNUAL REPORT IS AVAILABLE ON THE COMPANY'S WEBSITE:

[www.asm-au.com](http://www.asm-au.com)

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Shareholders of Australian Strategic Materials Ltd (**ASM** or the **Company**) will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 on Wednesday 22 November 2023 at 10:00 am (AWST) for the purpose of transacting the following business, in each case, as more particularly described in the Explanatory Statement accompanying this Notice.

Shareholders are welcome to participate in person at the Meeting. Registration for the Meeting will be available from 9:30 am (AWST). The Meeting will also be broadcast live via webcast to give Shareholders the opportunity to observe the meeting proceedings and Company presentation. To watch the webcast, please use the webcast link set out below. For more information on Shareholder questions and how to vote, refer to the Notes section in the Notice.

**Webcast Link:** <https://www.advancedshare.com.au/Dashboard/Meeting-Casting-Control?meetingid=ASM0004>

Capitalised terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

### Your vote is important

The business of the Meeting affects your shareholding, and your vote is important. Voting on each item of business will be conducted by poll. The Board encourages all Shareholders to vote at the Meeting or submit a valid Proxy Form prior to the deadline (being no later than 10:00 am (AWST) on 20 November 2023). Information on how to lodge a proxy is set out below and on the Proxy Form.

### Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at **4:00 pm (AWST) on 20 November 2023**.

### Voting during the Meeting

If you hold Shares in the Company, you will be able to vote in the poll on each Resolution during the Meeting. However, the Directors are strongly encouraging Shareholders to lodge their Proxy Form in accordance with the instructions below to assist in the orderly conduct of the Meeting.

### Voting by proxy

To vote by proxy, please complete and sign the enclosed personalised Proxy Form and return in time to be received by the Company no later than **10:00 am (AWST) 20 November 2023**:

- by **lodging your Proxy Form online** at [www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login) ; or
- by **emailing your Proxy Form** to [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au); or
- by **posting your completed Proxy Form** to Advanced Share Registry Ltd, PO Box 1156, Nedlands WA 6909; or
- by **delivering your completed Proxy Form by fax** to Advanced Share Registry Ltd at +61 8 6370 4203; or
- by **delivering your completed Proxy Form by hand** to Advanced Share Registry Ltd at 110 Stirling Highway Nedlands WA 6009.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company and can be an individual or a body corporate; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise one-half of the votes.

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### Chair as proxy

If you appoint the Chair of the Meeting as your proxy (or the Chair becomes your proxy by default) and you do not direct your proxy how to vote on the proposed Resolutions set out in this Notice, then you will be authorising the Chair to vote as the Chair decides on the proposed Resolutions (even if the Resolution is connected with the remuneration of a member of the KMP). The Chair intends to vote (where appropriately authorised) as proxy in favour of each Resolution.

If you appoint the Chair as your proxy and wish to direct the Chair how to vote, you can do so by marking the boxes for the relevant Resolution (i.e. by directing the Chair to vote "For", "Against" or "Abstain").

If you appoint a member of the KMP (other than the Chair) or any Closely Related Party of a member of the KMP as your proxy, you must direct that person how to vote on Resolutions 1,3,4 and 5 if you want your Shares to be voted on those Resolutions. If you appoint a member of the KMP (other than the Chair) or any Closely Related Party of a member of the KMP and you do not direct them how to vote on Resolutions 1,3,4 and 5, such a person will not cast your votes on that Resolution and your votes will not be counted in calculating the required majority on the poll for that Resolution.

### Corporate representatives

A body corporate who is a Shareholder or proxy must appoint an individual as its corporate representative if it wishes to attend and vote at the Meeting. If you are a corporate representative, you will need to provide evidence of your appointment as a corporate representative with the share registry prior to the Meeting or have previously provided the Company with evidence of your appointment.

### Powers of attorney

If you appoint an attorney to attend and vote at the Meeting on your behalf, the power of attorney (or a certified copy) must be received by the share registry by **10:00 am (AWST) on Monday 20 November 2023**, unless the power of attorney has previously been lodged with the share registry.

### Shareholder questions

Shareholders will be able to ask questions relevant to the business of the Meeting at the Meeting and of the Directors and auditor.

Shareholders who are unable to attend the Meeting or wish to submit questions prior to the Meeting may submit written questions by emailing the Company Secretary on [info@asm-au.com](mailto:info@asm-au.com). In order for questions to be appropriately considered it is recommended that questions be received by **5:00 pm (AWST), Monday 20 November 2023**.

The more frequently raised Shareholder issues will be addressed by the Chair during the course of the Meeting. While there will be an allotted time for questions, the Board will endeavour to respond to as many Shareholder questions as possible. However, there may still not be sufficient time available at the Meeting to address all of the questions raised. Please note that individual responses will not be sent to Shareholders.

If you are unable to access the relevant meeting materials online or if you wish to receive a paper copy of the meeting materials, please contact the Meeting helpline on +61 8 9200 1681 between 9:00 am and 5:00 pm (AWST) Monday to Friday or email the Company at [info@asm-au.com](mailto:info@asm-au.com). Please remember to provide your name, address, and contact phone number.

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## BUSINESS

### ACCOUNTS AND REPORTS

To receive and consider the Financial Report of the Company, the Directors' Report (including the Remuneration Report) and the Auditor's Report for the year ended 30 June 2023.

### RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following **non-binding resolution**:

*That, for the purpose of section 250R(2) of the Corporations Act, the Remuneration Report, which forms part of the Directors' Report for the financial year ended 30 June 2023, be adopted.*

**Note:** In accordance with section 250R(3) of the Corporations Act, the vote on this Resolution will be advisory only and does not bind the Directors or the Company.

A Voting Prohibition Statement for this Resolution is set out below.

### RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR IAN JEFFREY GANDEL

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

*That, for the purposes of rule 3.4 of the Constitution, Listing Rule 14.4 and all other purposes, Mr Ian Jeffrey Gandel, who retires in accordance with rule 3.6 of the Constitution and, being eligible, offers himself for re-election as Director, is re-elected as a Director.*

### RESOLUTION 3: APPROVAL OF ISSUE OF SHARES TO THE MANAGING DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

*That, for the purposes of Listing Rule 10.14 and for all other purposes, approval be given to issue 16,746 Shares to Ms Rowena Smith (or her nominees), a Director of the Company, on vesting of FY23 STI Performance Rights under the Australian Strategic Materials Performance Rights Plan and on terms described in the Explanatory Statement."*

A Voting Prohibition Statement and a Voting Exclusion Statement for this Resolution are set out below.

### RESOLUTION 4: APPROVAL OF THE GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

*That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 166,363 FY24 STI Performance Rights to Ms Rowena Smith (or her nominees), a Director of the Company, under the terms of the Australian Strategic Materials Performance Rights Plan (including the issue or transfer of Shares on the vesting and exercise of those Performance Rights) and otherwise in accordance with the terms and conditions set out in the Explanatory Statement.*

A Voting Prohibition Statement and a Voting Exclusion Statement for this Resolution are set out below.

## RESOLUTION 5: APPROVAL OF THE GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

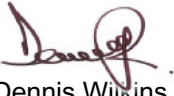
To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

*That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to grant 443,636 FY24 LTI Performance Rights to Ms Rowena Smith (or her nominees), a Director of the Company, under the terms of the Australian Strategic Materials Performance Rights Plan (including the issue or transfer of Shares on the vesting and exercise of those Performance Rights) and otherwise in accordance with the terms and conditions set out in the Explanatory Statement.*

A Voting Prohibition Statement and a Voting Exclusion Statement for this Resolution are set out below.

Dated: 20 October 2023

By order of the Board of Directors

A handwritten signature in dark ink, appearing to read 'Dennis Wilkins', is written over a horizontal line.

Dennis Wilkins

**Joint Company Secretary**

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## VOTING EXCLUSIONS AND PROHIBITIONS

### Resolution 1 – Adoption of Remuneration Report:

#### Voting Prohibition:

The Company will disregard any votes cast on Resolution 1:

- by or on behalf of a member of the KMP whose remuneration details are included in the Remuneration Report for the year ended 30 June 2023 or a Closely Related Party of any such member of the KMP (regardless of the capacity in which the vote is cast); or
- as a proxy by a person who is a member of the KMP at the time of the Meeting, or by a Closely Related Party of any such member of the KMP,

unless the vote is cast as proxy for a person entitled to vote on Resolution 1 and:

- the vote is cast in accordance with a direction on the Proxy Form specifying how the proxy is to vote on the Resolution; or
- the vote is cast by the Chair and the Proxy Form expressly authorises the Chair to exercise the proxy and vote as the Chair decides even though the Resolution is connected directly or indirectly with the remuneration of members of the KMP.

### Resolution 3 – Approval of Issue of Shares to the Managing Director:

#### Voting Prohibition

A vote on Resolution 3 must not be cast (in any capacity) by Ms Smith or any Associate of Ms Smith.

However, subject to the further voting prohibition below and the voting exclusion below, this does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the Resolution; and
- it is not cast on behalf of Ms Smith or any Associate of Ms Smith.

A person appointed as proxy must not vote, on the basis of that appointment, on Resolution 3 if the person is a member of the KMP or a Closely Related Party of the KMP and the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above paragraph does not apply if:

- the KMP is the Chair of the Meeting; and
- the appointment expressly authorises the Chair of the Meeting to exercise the proxy even though Resolution 3 is connected directly or indirectly with remuneration of a member of the KMP.

#### Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- Ms Smith (or her nominees);
- a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan; or
- an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is



not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and

- the holder votes in accordance with the directions given by the beneficiary to the holder to vote in that way.

#### **Resolutions 4 & 5 – Approval of the Grant of Performance Rights to the Managing Director:**

##### Voting Prohibition

A vote on Resolutions 4 and 5 must not be cast (in any capacity) by Ms Smith or any Associate of Ms Smith.

However, subject to the further voting prohibition below and the voting exclusion below, this does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the Resolution; and
- it is not cast on behalf of Ms Smith or any Associate of Ms Smith.

A person appointed as proxy must not vote, on the basis of that appointment, on Resolutions 4 and 5 if the person is a member of the KMP or a Closely Related Party of the KMP and the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above paragraph does not apply if:

- the KMP is the Chair of the Meeting; and
- the appointment expressly authorises the Chair of the Meeting to exercise the proxy even though Resolutions 4 and 5 are connected directly or indirectly with remuneration of a member of the KMP.

##### Voting Exclusion

The Company will disregard any votes cast in favour of Resolutions 4 and 5 by or on behalf of:

- Ms Smith (or her nominees);
- a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Plan; or
- an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolutions 4 and 5 by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether to pass the Resolutions.

This Explanatory Statement forms part of, and should be read together with, the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

### ACCOUNTS AND REPORTS

In accordance with section 317 of the Corporations Act, the Company's Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report for the year ended 30 June 2023 will be laid before the Annual General Meeting. A copy of the Company's Annual Report for the year ended 30 June 2023, which includes these reports, is available on the Company's website at <https://asm-au.com> and on ASX's website [www.asx.com.au](http://www.asx.com.au).

There is no requirement for Shareholders to approve these reports. Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions or make comments about these reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the Company's auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 1.1 General

Section 250R(2) of the Corporations Act requires the Company to put a resolution to Shareholders that the remuneration report be adopted. The vote on this Resolution is advisory only and does not bind the Directors or the Company. However, the outcome of the vote and discussion will be considered by ASM's Remuneration Committee and Nomination Committee when evaluating the remuneration arrangements of the Company in the future.

The Remuneration Report of the Company for the period ended 30 June 2023 is set out in the Company's Annual Report. This report includes information about the principles used to determine the nature and amount of remuneration and sets out the remuneration arrangements for each Director and member of the KMP.

As set out in the Remuneration Report, in determining executive remuneration, the Board aims to ensure that remuneration practices:

- (a) are competitive and reasonable, enabling the Company to attract and retain key talent while building a diverse, sustainable and high achieving workforce;
- (b) are aligned to the Company's strategic and business objectives and the creation of Shareholder value;
- (c) promote a high performance culture recognising that leadership at all levels is a critical element in this regard;
- (d) are transparent; and
- (e) are acceptable to Shareholders.

Further details regarding ASM's remuneration policy and structure as to executive and non-executive remuneration are set out in the Annual Report.

Shareholders will be given a reasonable opportunity to ask questions about, or comment on, the Remuneration Report at the Annual General Meeting.

#### 1.2 Directors' recommendation

The Directors recommend that Shareholders vote in favour of adopting the Remuneration Report.

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## 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR IAN JEFFREY GANDEL

### 2.1 General

Rule 3.4 of the Constitution and Listing Rule 14.4 require that a Director must retire from office at the third annual general meeting after the Director was elected or last re-elected (other than the Managing Director). The Directors to retire at an annual general meeting are those who have held office the longest since their last election. If two or more Directors have held office for the same period, those Directors may agree between themselves which of them will retire, otherwise they are to draw lots.

In accordance with the Constitution, Mr Ian Jeffrey Gandel retires as a Director of the Company and, being eligible, offers himself for re-election.

Mr Gandel is a successful Melbourne based businessman with extensive experience in retail management and retail property. 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 a number of publicly listed Australian companies and, through his private investment vehicles, now holds and explores tenements in his own right in 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, Remuneration Committee and Risk Committee.

Current listed Directorships also include Non-Executive Chair of Alkane Resources Ltd (Director since 2006). Past listed Directorships (previous 3 years) include Non-Executive Chairman of Alliance Resources Ltd (2003 to 2022).

### 2.2 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Statement, all the Directors consider that Resolution 2 is in the best interests of the Company, as Mr Gandel has a wealth of experience and expertise which is valuable to the Company. The Directors (other than Mr Gandel because of his interest in this Resolution) unanimously recommend that Shareholders vote in favour of Resolution 2.

## 3. RESOLUTION 3 – APPROVAL FOR ISSUE OF SHARES TO THE MANAGING DIRECTOR

### 3.1 General

As announced to ASX on 22 December 2022, ASM issued 47,844 Performance Rights to Ms Rowena Smith on 22 December 2022 as a STI pursuant to the Performance Rights Plan (**FY23 STI Performance Rights**). Ms Smith was the Company's Chief Executive Officer at the time the Performance Rights were granted and so Shareholder approval was not required to be obtained prior to the granting of the Performance Rights.

The Performance Period for the FY23 STI Performance Rights was 1 July 2022 to 30 June 2023. The Board has assessed the Performance Criteria during the period and determined that 16,746 FY23 STI Performance Rights have vested. The balance of 31,098 FY23 STI Performance Rights lapsed in accordance with their terms and were cancelled on 19 July 2023 (refer to the Company's ASX announcement dated 19 July 2023). For each Performance Right that vests and is exercised, the Company will allocate one Share.

ASX Listing Rule 10.14 requires that the Company obtain Shareholder approval prior to the issue of equity securities to a Director of the Company under an "employee incentive scheme". Accordingly, as Ms Smith is the Managing Director of the Company, Resolution 3 seeks Shareholder approval for the issue of 16,746 Shares to Ms Smith upon vesting of the FY23 STI Performance Rights pursuant to the Plan.

### 3.2 Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) a director of the company (Listing Rule 10.14.1);
- (b) an associate of a director of the company (Listing Rule 10.14.2); or
- (c) a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 to Listing Rule 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Shares the subject of Resolution 3 falls within Listing Rule 10.14.1 (as Ms Smith is a Director) and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 3 seeks the required Shareholder approval to the proposed issue of Shares to Ms Smith, under and for the purposes of Listing Rule 10.14.

If Resolution 3 is passed, the Company will be able to proceed with the issue of 16,746 Shares to Ms Smith upon vesting of the FY23 STI Performance Rights which were issued as part of her remuneration package under the Plan for performance of certain Performance Criteria over the Performance Period of 1 July 2022 to 30 June 2023.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Shares to Ms Smith and the Company will negotiate with Ms Smith an appropriate alternative payment, seeking further Shareholder approval if required.

Further, if Resolution 3 is approved for the purposes of Listing Rule 10.14, pursuant to Listing Rule 7.2, exception 14, the issue of Shares upon the exercise of the vested FY23 STI Performance Rights will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval of Resolution 3 is not required under Listing Rule 7.1. In addition, approval under Listing Rule 10.14 is an exception to the prohibition on a company issuing shares to related parties without member approval under Listing Rule 10.11.

Resolution 3 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

### 3.3 Information required by Listing Rule 10.15

In accordance with Listing Rule 10.15, the Company provides the following information.

- (a) The Shares will be issued to Ms Rowena Smith, the Managing Director of the Company and/or her respective nominees.
- (b) The issue of Shares under Resolution 3 falls under Listing Rule 10.14.1 as Ms Smith is a Director.
- (c) The maximum number of securities proposed to be issued in connection with Resolution 3 to Ms Smith is 16,746 Shares.
- (d) Ms Smith's current total remuneration package includes:
  - (i) TFR of \$610,000 (inclusive of superannuation);
  - (ii) a STI component, being the granting of FY24 STI Performance Rights the subject of Resolution 4 upon predetermined short term performance hurdles being met (refer to Section 4.2 of this Explanatory Statement for further information on the basis of the grant);
  - (iii) a LTI component, being the granting of FY24 LTI Performance Rights the subject of Resolution 5 upon predetermined long term performance hurdles being met (refer to Section 4.3 of this Explanatory Statement for further information on the basis of the grant).
- (e) The Plan was last approved by Shareholders at the Company's 2021 annual general meeting. The Company has issued the following securities under the Plan to Ms Smith:
  - (i) 54,714 Performance Rights on 3 February 2022 under the terms of the Plan as a sign-on incentive;
  - (ii) 44,420 Performance Rights on 29 March 2022 under the terms of the Plan as short term and long term incentives, which all lapsed in accordance with their terms on 31 August 2022;
  - (iii) 47,844 FY23 STI Performance Rights on 22 December 2022 under the terms of the Plan as short term incentives. 31,098 of the FY23 STI Performance Rights lapsed in accordance with their terms and were cancelled on 19 July 2023, the balance of 16,746 have vested and are the subject of this Resolution 3;
  - (iv) 265,390 Performance Rights on 22 December 2022 under the terms of the Plan as long Term Incentives,

In accordance with the terms of the Plan, the Performance Rights were issued for nil consideration.

- (f) The Shares to be issued are fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing fully paid ordinary shares on issue.
- (g) If Resolution 3 is approved, the Company proposes to issue the Shares to Ms Smith as soon as practicable and, in any event, within three years from the date of this Meeting.

- (h) In accordance with the Plan, the Shares will be issued for no consideration.
- (i) A summary of the terms of the Plan is set out in Annexure B.
- (j) No loan will be provided by the Company in relation to the issue of the Shares to Ms Smith.
- (k) Details of any securities (being, Performance Rights and Shares upon the vesting and exercise of Performance Rights) issued under the Plan will be published in each annual report relating to a period in which the securities have been issued, along with a statement that approval for the issue of those securities was obtained under Listing Rule 10.14. Any additional persons who become entitled to participate in the Plan after Resolution 3 is approved and who were not named in this Notice, will not participate until Shareholder approval is obtained under Listing Rule 10.14.
- (l) A voting exclusion statement for Resolution 3 is included in this Notice.

### 3.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. For the purposes of Chapter 2E, Ms Smith, being the Managing Director is a "related party" of the Company and the grant of the Shares on the exercise of the vested FY23 STI Performance Rights will constitute the giving of "financial benefits".

The Board (other than Ms Smith) considers that the issue of the Shares to Ms Smith is an appropriate and reasonable component of her remuneration, and that the financial benefit (represented by the issue of the Shares on the exercise of the vested FY23 STI Performance Rights) falls within the "reasonable remuneration" exception in section 211 of the Corporations Act. For this reason, the Company is not seeking Shareholder approval of Resolution 3 for the purposes of Chapter 2E of the Corporations Act.

### 3.5 Directors' recommendation

Based on the information available, including the information contained in this Explanatory Statement, all the Directors consider that Resolution 3 is in the best interests of the Company, as the issue of these Shares will align Ms Smith's rewards with the long-term creation of value for Shareholders. The Directors (other than Ms Smith because of her interest in this Resolution) unanimously recommend that Shareholders vote in favour of Resolution 3.

As Ms Smith has an interest in the outcome of Resolution 3, she makes no recommendation to Shareholders as to how to vote on this Resolution.

## 4. RESOLUTIONS 4 AND 5 – APPROVAL OF THE GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

### 4.1 General

Resolutions 4 and 5 seek approval for:

- (a) the grant of Performance Rights (pursuant to the terms of the Plan); and
- (b) the issue or transfer of Shares upon the vesting and exercise of those Performance Rights,

to the Company's Managing Director, Ms Rowena Smith (or her nominee), under the Plan for employee incentives.

The Plan was approved by Shareholders at the Company's 2021 annual general meeting. The terms of the Plan are summarised in Annexure B.

In line with market practice, performance-based incentive programs form a key component of total remuneration for Ms Smith. A significant portion of total annual remuneration has been placed at-risk to better align the executive Director's interests with those of Shareholders, to encourage long term sustainable growth and to assist with retention.

Resolutions 4 and 5 seek Shareholder approval for the grant of the following Performance Rights and the allocation of Shares (upon the vesting and exercise of those Performance Rights) in accordance with the Plan and Scheme of the Company (as described in Sections 4.2 and 4.3 of this Explanatory Statement):

- (a) 166,363 STI Performance Rights subject to the vesting criteria set out below at Section 4.2 (**FY24 STI Performance Rights**) (the subject of Resolution 4); and
- (b) 443,636 LTI Performance Rights subject to the vesting criteria set out below at Section 4.3 (**FY24 LTI Performance Rights**) (the subject of Resolution 5).

For each Performance Right that vests and is exercised, the Company will allocate one Share. Further details regarding the Performance Rights are set out below.

#### 4.2 FY24 STI Performance Rights (for the Performance Period ending 30 June 2024)

The Board is seeking approval of Shareholders for the issue of 166,363 FY24 STI Performance Rights to Ms Rowena Smith (the subject of Resolution 4) under the Plan.

The number of FY24 STI Performance Rights that may vest will be determined by the Board based on the Performance Criteria set out in Table 1 below as at the testing date of 30 June 2024.

**Table 1 - FY24 STI Performance Rights Performance Criteria**

STI Key Performance Indicator	KPI %	100%
ASM Group Cash Balance at 30 June 2024	25%	>\$30m
Korean Metals Plant production (NdFeb tonnes or metal tonnes)	15%	300t
Secure supply agreement for rare earth oxide feedstock for Korean Metals Plant	20%	5year
Dubbo Project offtake MOU or term sheet agreed (% of revenue as outlined in 2021 Optimisation Study)	30%	55%
Sustainalytics rating movement through delivery of ESG improvements	10%	Medium score <30

The FY24 STI Performance Rights will vest where the relevant Performance Criteria have been assessed by the Board as met, there are no fatalities, Ms Smith is employed at the time of vesting and all other conditions as set out in the Scheme have been met.

The FY24 STI Performance Rights will lapse as set out in the Plan (refer to Annexure B for a summary of the terms of the Plan).

#### 4.3 FY24 LTI Performance Rights (for the Performance Period ending 30 June 2026)

The Board is seeking approval of Shareholders for the issue of 443,636 FY24 LTI Performance Rights to Ms Rowena Smith (the subject of Resolution 5) under the Plan.

The number of FY24 LTI Performance Rights that may vest will be determined by the Board based on the Performance Criteria set out in Table 2 below. The starting Share price is the 5 day VWAP of Shares as at 30 June 2023 (rounded to two decimal places), being \$1.10 (**FY23 5-Day VWAP**) (**Starting Share Price**). The number of Performance Rights to vest will be determined by comparing the VWAP calculated over the 10 Trading Days immediately following the release of the Company's statutory financial report for the year ending 30 June 2026 (**Achieved Share Price**) to the Starting Share Price. For example, if the Achieved Share Price is \$4.00, the number of FY24 Performance Rights to vest, subject to the determination and discretion of the Board and the further vesting conditions set out below, will be 389,961 Performance Rights.

**Table 2 - FY24 LTI Performance Rights Performance Criteria**

Starting Share Price	Threshold Share Price 0% vesting	Target Share Price 50% vesting	Stretch Share Price 100% vesting
\$1.10	\$1.10	\$2.20	\$4.40

The FY24 LTI Performance Rights will vest where the relevant Performance Criteria have been assessed by the Board as met, there are no fatalities, Ms Smith is employed by ASM at the time of vesting and all other conditions as set out in the Scheme and Plan have been met.

The FY24 LTI Performance Rights will lapse as set out in the Plan (refer to Annexure B for a summary of the terms of the Plan).

#### 4.4 Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) a director of the company (Listing Rule 10.14.1);
- (b) an associate of a director of the company (Listing Rule 10.14.2); or
- (c) a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 to Listing Rule 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its

shareholders,

unless it obtains the approval of its shareholders.

The issue of the Performance Rights the subject of Resolutions 4 and 5 falls within Listing Rule 10.14.1 (as Ms Rowena Smith is Managing Director) and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 4 and 5 seek the required Shareholder approval to the proposed issue of Performance Rights to Ms Smith, under and for the purposes of Listing Rule 10.14.

If Resolution 4 is passed, the Company will be able to proceed with the issue of 166,363 FY24 STI Performance Rights to Ms Smith as part of her remuneration package under the Plan for performance of the above mentioned hurdles.

If Resolution 5 is passed, the Company will be able to proceed with the issue of 443,636 FY24 LTI Performance Rights to Ms Smith as part of her remuneration package under the Plan for performance of the above mentioned hurdles.

If either or both of Resolution 4 or Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Performance Rights and the Company will negotiate with Ms Smith an appropriate alternative payment, seeking further Shareholder approval if required.

Further, if Resolutions 4 and 5 are approved for the purposes of Listing Rule 10.14, pursuant to Listing Rule 7.2, exception 14, a grant of Performance Rights or an issue of Shares (upon the vesting and exercise of those Performance Rights) will not reduce the Company's 15% placement capacity under Listing Rule 7.1 and separate approval of Resolutions 4 and 5 are not required under Listing Rule 7.1. In addition, approval under Listing Rule 10.14 is an exception to the prohibition on a company issuing shares to related parties without member approval under Listing Rule 10.11.

Resolutions 4 and 5 are ordinary resolutions, requiring them to be passed by a simple majority of votes cast by the Shareholders entitled to vote on them.

#### **4.5 Information required by Listing Rule 10.15**

In accordance with Listing Rule 10.15, the Company provides the following information.

- (a) The FY24 STI Performance Rights, the subject of Resolution 4 and FY24 LTI Performance Rights, the subject of Resolution 5 will be granted to Ms Rowena Smith, the Managing Director of the Company and/or her respective nominees.
- (b) The issue of Performance Rights under Resolutions 4 and 5 fall under Listing Rule 10.14.1 as Ms Smith is a Director.
- (c) The maximum number of securities proposed to be issued in connection with Resolution 4 to Ms Smith is 166,363 FY24 STI Performance Rights (upon vesting and exercise, and in circumstances where all of these Performance Rights vest and are exercised, this entitles Ms Smith to 166,363 Shares).

The maximum number of securities proposed to be issued in connection with Resolution 5 to Ms Smith is 443,636 FY24 LTI Performance Rights (upon vesting and exercise, and in circumstances where all of these Performance Rights vest and are exercised, this entitles Ms Smith to 443,636 Shares).

- (d) Ms Smith is entitled to receive up to 30% of her TFR in value in short term Performance Rights and 80% of her TFR in value in long term Performance Rights, with vesting dependent on achievement of the business objective performance hurdles over a specified period.

Refer to Section 3.3(d) of this Explanatory Statement for details of Ms Smith's current total remuneration package.

- (e) The Company has previously issued the securities to Ms Smith under the Plan as set out in Section 3.3(e) of this Explanatory Statement.
- (f) The Performance Rights are issued on the terms set out in this Explanatory Statement and on the terms as summarised in Annexure A.
- (g) The Company has chosen to issue Performance Rights to Ms Smith for the following reasons:
  - (i) to focus on the short term and long term outcomes required by the Board;
  - (ii) to align the rewards of Ms Smith with Shareholders' interests by payment in equity; and
  - (iii) to provide an incentive to satisfy performance hurdles over a Performance Period which are

measured on Performance Criteria as set out in Sections 4.2 and 4.3 of this Explanatory Statement.

- (h) The Company has not received an independent valuation in relation to the Performance Rights the subject of Resolutions 4 and 5.

The number of FY24 STI Performance Rights proposed for grant in Resolution 4 was calculated in September 2023, with Ms Smith entitled to receive up to 30% of her salary in value in STI Performance Rights. The calculation was determined based on the FY23 5-Day VWAP. The value of the Performance Rights on that basis is set out in Table 3 below.

**Table 3 - Value of FY24 STI Performance Rights – 5-Day VWAP**

Name	Relationship	Number of Performance Rights	Vesting	Value
Rowena Smith	Director	166,363	On satisfaction of vesting conditions – refer Section 4.2	\$183,000

The number of FY24 LTI Performance Rights proposed for grant in Resolution 5 was calculated in September 2023, with Ms Smith entitled to receive up to 80% of her salary in value in LTI Performance Rights. The calculation was determined based on the FY23 5-Day VWAP. The value of the Performance Rights on that basis is set out in Table 4 below.

**Table 4 - Value of FY24 LTI Performance Rights – 5-Day VWAP**

Name	Relationship	Number of Performance Rights	Vesting	Value
Rowena Smith	Director	443,636	On satisfaction of vesting conditions – refer Section 4.3	\$488,000

The number of Performance Rights is fixed, and the value will change as the underlying Share price changes. The indicative value of the Performance Rights as at the date of this Notice, based upon the closing Share price on 4 October 2023 of \$1.375, is set out in Table 5 below.

**Table 5 - Value of Performance Rights – closing Share price**

Name	Relationship	Number of Performance Rights	Vesting	Value
Rowena Smith	Director	166,363	On satisfaction of vesting conditions – refer Section 4.2	\$228,749
Rowena Smith	Director	443,636	On satisfaction of vesting conditions – refer Section 4.3	\$609,999

- (i) If Resolutions 4 and 5 are approved, the Company proposes to issue the Performance Rights to Ms Smith as soon as practicable and, in any event, within three years from the date of the Meeting.
- (j) In accordance with the Plan, the Performance Rights (and any Shares allocated on the vesting and exercise of Performance Rights) will be allocated for no consideration.
- (k) A summary of the terms of the Plan is set out at Annexure B.
- (l) No loan will be provided by the Company in relation to the grant of the relevant Performance Rights (including any Shares issued on the vesting and exercise of those Performance Rights) to Ms Smith.
- (m) Details of any securities issued under the Plan will be published in each annual report relating to a period in which the securities were issued, along with a statement that approval for the issue of those securities was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Plan after Resolutions 4 and 5 are approved and who



were not named in this Notice, will not participate until Shareholder approval is obtained under Listing Rule 10.14.

- (n) Voting exclusion statements for Resolutions 4 and 5 are included in this Notice.

#### **4.6 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. For the purposes of Chapter 2E, Ms Smith, being the Managing Director, is a "related party" of the Company and the grant of the Performance Rights (including the Shares issued on the vesting and exercise of those Performance Rights) pursuant to the Performance Rights will constitute the giving of "financial benefits".

The Board (other than Ms Smith in respect of Resolutions 4 and 5) considers that the grant of the Performance Rights (including the allocation of Shares on the vesting and exercise of those Performance Rights) to Ms Smith is an appropriate and reasonable component of her remuneration, and that the financial benefit represented by the grant of the Performance Rights (including the allocation of Shares on the vesting and exercise of those Performance Rights) falls within the "reasonable remuneration" exception in section 211 of the Corporations Act. For this reason, the Company is not seeking Shareholder approval of Resolutions 4 and 5 for the purposes of Chapter 2E of the Corporations Act.

#### **4.7 Sections 200B and 200E of the Corporations Act**

The Corporations Act provides that the Company may only give a person a benefit in connection with their ceasing to hold a "managerial or executive office" in the Company, or its related bodies corporate, if it is approved by Shareholders or an exemption applies (for example, where the benefit together with other benefits does not exceed the payment limits set out in the Corporations Act, including where the aggregate benefits do not exceed one year's average base salary).

The term "benefit" is open to a wide interpretation and may include the early or accelerated vesting (allowing for subsequent exercise by the holder, where relevant) of Performance Rights under the Plan. As outlined in the summary of the Plan in the Company's 2021 notice of annual general meeting, early or accelerated vesting may occur, subject to the Directors' absolute discretion, in various circumstances including the end of employment with the Group.

At the 2021 annual general meeting, Shareholders approved the giving of these types of benefits to those holding a managerial or executive office in the Company for the purposes of sections 200B and 200E of the Corporations Act, including under the Plan. The approval is effective until the conclusion of the 2024 annual general meeting.

#### **4.8 Directors' recommendation**

Based on the information available, including the information contained in this Explanatory Statement, all the Directors consider that Resolutions 4 and 5 are in the best interests of the Company, as the issue of these Performance Rights will align Ms Smith's rewards with the long-term creation of value for Shareholders. The Directors (other than Ms Smith because of her interest in this Resolution) unanimously recommend that Shareholders vote in favour of Resolutions 4 and 5.

As Ms Smith has an interest in the outcome of Resolutions 4 and 5, she makes no recommendation to Shareholders as to how to vote on these Resolutions.

## GLOSSARY

In this Explanatory Statement and the Notice, the following terms have the following meanings unless the context otherwise requires:

**FY23 5-Day VWAP** has the meaning set out in Section 4.3 of this Explanatory Statement;

**FY23 STI Performance Rights** has the meaning set out in Section 3.1 of this Explanatory Statement;

**FY24 LTI Performance Rights** means 443,636 Performance Rights proposed to be granted to Ms Smith as a LTI for the Performance Period 1 July 2023 to 30 June 2026 subject to certain Performance Criteria as detailed in Section 4.3 of this Explanatory Statement

**FY24 STI Performance Rights** means 166,363 Performance Rights proposed to be granted to Ms Smith as a STI for the Performance Period 1 July 2023 to 30 June 2024 subject to certain Performance Criteria as detailed in Section 4.2 of this Explanatory Statement;

**Achieved Share Price** has the meaning set out in Section 4.3 of this Explanatory Statement;

**Annual General Meeting** or **Meeting** means the annual general meeting of Shareholders to be held as an in person meeting for the purposes of considering the Resolutions;

**Annual Report** means the Directors' Report, the Financial Report and Auditor's Report, in respect of the financial year ended 30 June 2023;

**ASM Group** or **Group** means ASM and its related bodies corporate;

**ASX** means ASX Limited (ABN 98 008 624 691) or the financial market conducted by it (the Australian Securities Exchange), as the context requires;

**Auditor's Report** means the auditor's report on the Financial Report;

**AWST** means Australian Western Standard Time (Perth time);

**Board** means the board of Directors;

**Chair** means the chair of the Meeting;

**Closely Related Party** has the meaning given in the Corporations Act ;

**Company** or **ASM** means Australian Strategic Materials Ltd ACN 168 368 401;

**Constitution** means the existing constitution of the Company adopted in 2022;

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended;

**Director** means a director of the Company;

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company;

**Dubbo Project** encompasses Mining Lease (ML) 1724 representing a large in-ground resource of rare earths, zirconium, niobium, hafnium, tantalum, and yttrium. It is located near the small town of Toongi, 25 kilometres south of Dubbo in Central Western New South Wales. ;

**Explanatory Statement** means the Explanatory Statement accompanying the Notice;

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company;

**Guidance Note** means the guidance notes accompanying the Listing Rules;

**KMP** means key management personnel of the ASM Group from time to time;

**Listing Rules** means the Listing Rules of the ASX;

**LTI** means long term incentive;

**Notice** or **Notice of Meeting** means the notice of meeting accompanying this Explanatory Statement, including the Proxy Form;

**Proxy Form** means the proxy form attached to the Notice;

**Performance Criteria** means, in relation to a Performance Right, the performance criteria determined by the Board which must be satisfied before a Performance Right (or a specified number or percentage of Performance Rights granted) can vest, subject to any adjustments under the Performance Rights Plan;

**Performance Period** means, in relation to a Performance Right, the period determined by the Board over which the Board will assess whether the Performance Criteria attaching to the Performance Right have been satisfied.

**Performance Rights** is defined pursuant to the Listing Rules, Guidance Note 19, being a contractual right to receive a given number of ordinary shares in the Company, or to receive a cash payment equal to the value of a given number of ordinary shares in the Company, if and when a nominated performance milestone is achieved;

**Plan or Performance Rights Plan** refers to the Australian Strategic Materials Performance Rights Plan;

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report;

**Resolution** means a resolution contained in the Notice;

**Scheme** means collectively the ASM Executive Incentive Plan for executive long term and short term incentives and the ASM Executive Remuneration Policy Framework;

**Share** means a fully paid ordinary share in the capital of the Company;

**Shareholder** means the holder of a Share;

**Starting Share Price** has the meaning set out Section 4.3 of this Explanatory Statement;

**STI** means short term incentive;

**TFR** means total fixed remuneration;

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules; and.

**VWAP** means volume weighted average price.

## ANNEXURE A

### SUMMARY OF THE TERMS OF THE PERFORMANCE RIGHTS TO BE GRANTED

The key terms of the Performance Rights are set out below. Unless otherwise defined below, any capitalised terms used in this section relating to the grant of Performance Rights refer to terms defined in the Performance Rights Plan rules or the Notice only.

<b>Grant Date</b>	If Resolutions 4 and 5 are approved, the Company proposes to issue the Performance Rights to Ms Smith as soon as practicable and, in any event, within three years from the date of the Meeting.		
<b>Acquisition price / consideration payable</b>	No amount is payable by a participant to acquire the Performance Rights the subject of this Notice, nor upon the vesting or exercise of the Performance Rights.		
<b>Vesting conditions</b>	<b>Performance Rights</b>		
	FY24 STI Performance Rights will be subject to Performance Criteria assessed over a 1-year period from 1 July 2023 to 30 June 2024.		
	The number of FY24 STI Performance Rights that may vest will be determined by the Board based on the Performance Criteria set out in Table 1 below as at the testing date of 30 June 2024.		
	<b>FY24 STI Performance Rights Performance Criteria</b>		
	<b>STI Key Performance Indicator</b>	<b>KPI %</b>	<b>100%</b>
	ASM Group Cash Balance at 30 June 2024	25%	>\$30m
	Korean Metals Plant production (NdFeb tonnes or metal tonnes)	15%	300t
Secure supply agreement for rare earth oxide feedstock for the Korean Metals Plant	20%	5year	
Dubbo Project offtake MOU or term sheet agreed (% of revenue as outlined in 2021 Optimisation Study)	30%	55%	
Sustainalytics rating movement through delivery of ESG improvements	10%	Medium score <30	
<p>The FY24 STI Performance Rights will vest where the relevant Performance Criteria have been assessed by the Board as met, there are no fatalities, Ms Smith is employed at the time of vesting and all other conditions as set out in the Scheme have been met.</p> <p>FY24 LTI Performance Rights will be subject to Performance Criteria assessed over a 3-year period from 1 July 2023 to 30 June 2026.</p> <p>The number of FY24 LTI Performance Rights that may vest will be determined by the Board based on the Performance Criteria set out in the table. The <b>Starting Share Price</b> is the 5 day VWAP of Shares as at 30 June 2023 (rounded to two decimal places), being \$1.10. The number of Performance Rights to vest will be determined by comparing the VWAP calculated over the 10 Trading Days immediately following the release of the Company's statutory financial report for the year ending 30 June 2026 (<b>Achieved Share Price</b>) to the Starting Share Price.</p>			
	<b>Starting Share Price</b>	<b>Threshold Share Price 0% vesting</b>	<b>Target Share Price 50% vesting</b>
	<b>Stretch Share Price 100% vesting</b>		
	\$1.10	\$1.10	\$2.20
			\$4.40

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	<p><b>Assessment of vesting conditions</b></p> <p>The Board will make a determination whether the vesting conditions attaching to the Performance Rights have been satisfied or determine to waive the vesting conditions.</p> <p>Provided the Board determines that the vesting conditions are met or are otherwise waived by the Board, a vesting notice will be sent to the relevant participant from the Board, informing them that the Performance Rights have vested. Unless and until a vesting notice is issued by the Company in connection with the Performance Rights, the Performance Rights will not have vested.</p> <p>Following the issue of a vesting notice, any vested Performance Rights will be eligible to be exercised for the issue and/or transfer of the requisite number of Plan Shares (refer to the section “Exercise of vested Performance Rights and issue/transfer of Plan Shares” below).</p>
<p><b>Exercise of vested Performance Rights or Restricted Performance Rights and issue/transfer of Plan Shares</b></p>	<p>Upon issue of a vesting notice, any vested Performance Rights may be exercised at any time until the date on which the Performance Rights lapse, by a signed written notice to the Board specifying the Performance Rights being exercised and providing the certificate for those Performance Rights and you will be issued and/or transferred one fully paid ordinary share in ASM for each Performance Right that has been exercised.</p>
<p><b>Dividends</b></p>	<p>Upon issue and/or transfer of Plan Shares, a participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares which, at the closing date for determining entitlement to such dividends, are standing to the participant's account.</p>
<p><b>Lapsing of Performance Rights and Restricted Performance Rights</b></p>	<p>The Performance Rights will lapse as set out in the Plan (refer to Annexure B).</p>
<p><b>Adjustments upon alterations of capital</b></p>	<p>Subject to the Listing Rules, if the Company makes a new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, there will be no adjustment to the Performance Rights (including, without limitation, to the number of Shares which may be acquired on vesting of the Performance Rights) and/or the Performance Criteria.</p> <p>During the currency of any Performance Rights and prior to vesting and the allocation of Shares in respect of those Performance Rights, a participant is not entitled to participate in any new issue of securities of the Company as a result of their holding of Performance Rights.</p> <p>The Company may amend the terms of the Performance Rights, or your rights under the Plan, to comply with the Listing Rules applying at the time to any reorganisations of capital of the Company.</p>
<p><b>Disposal restrictions</b></p>	<p>Except as set out in ASM's share trading policy and subject to applicable law, no specific disposal restrictions apply to any Plan Shares that are issued and/or transferred as a result of the exercise of Performance Rights.</p>

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## ANNEXURE B

### SUMMARY OF THE KEY TERMS OF THE NEW PERFORMANCE RIGHTS PLAN

The Plan provides "Eligible Employees" the opportunity to receive Performance Rights for no consideration, as determined in the Board's absolute discretion. The key features of the Plan are set out below. In this summary, references to "Performance Rights" includes "Restricted Performance Rights" as the context requires.

<b>Purpose and term</b>	<p>The Plan was established to assist in the recruitment, reward, retention, and motivation of Eligible Employees.</p> <p>Under the Plan the Board may grant Performance Rights to Eligible Employees on terms fixed in accordance with the Plan.</p> <p>The Plan continues in operation until the Board decides to end it.</p>
<b>Commencement</b>	19 May 2020
<b>Performance rights</b>	<p>Each Performance Right will represent a right to acquire one Share, subject to the terms of the Plan.</p> <p>A Performance Right granted to a Participant under the Plan is granted for no cash consideration. If Performance Rights vest under the Plan, no amount is payable by a Participant in respect of those Performance Rights vesting, or the subsequent issue or transfer of Shares in respect of them.</p> <p>A Participant does not have a legal or beneficial interest in any Share by virtue of acquiring or holding a Performance Right. A Participant's rights under a Performance Right are purely contractual and personal. In particular, a Participant is not entitled to participate in or receive any dividends or other shareholder benefits until the Performance Right has vested and a Share has been issued or transferred to the Participant.</p> <p>Performance Rights will not be quoted on ASX. Provided that other Shares are quoted on ASX at the time, the Company will apply to ASX for quotation of Shares issued on vesting of Performance Rights as soon as practicable after the issue of those Shares.</p> <p>Any Share issued or transferred to a Participant upon vesting of a Performance Right, will be subject to the Constitution and will rank equally in every way (including for dividends for which the record date is after the date of issue or transfer) with other Shares then on issue.</p>
<b>Invitations to participate in the Plan</b>	<p>The Board may from time to time in its absolute discretion decide that a full time or part time employee of a Group Member who holds salaried employment with a Group Member on a full time or part time basis (<b>Eligible Employee</b>) is eligible to participate in the Plan and may invite them to apply for Performance Rights (<b>Participant</b>).</p> <p>An Eligible Employee who is invited to participate in the Plan will receive a written invitation. The invitation will set out, amongst other things, the number of Performance Rights the Eligible Employee is invited to apply for, the performance criteria to which those Performance Rights will be subject (<b>Performance Criteria</b>), and the period of time over which the Performance Criteria must be satisfied (<b>Performance Period</b>), before the Performance Rights can vest.</p>
<b>Performance Criteria and Performance Period</b>	<p>The Board's discretion includes determining the number of Performance Rights the Eligible Employee is invited to apply for, and the Performance Criteria, and Performance Period over which Performance Criteria is assessed, applicable to those Performance Rights.</p>
<b>Vesting of Performance Rights</b>	<p>A Performance Right granted to a Participant will vest:</p> <ul style="list-style-type: none"> <li>at the end of the Performance Period upon the Board giving written notice to the relevant Participant of the number of Performance Rights in</li> </ul>

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respect of which the Performance Criteria were satisfied over the Performance Period; or

- if the Board allows early vesting as a result of an event such as a takeover bid or scheme of arrangement or the cessation of employment of the Participant for a "Qualifying Reason" (see below).

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**Transfers**

A Performance Right granted under the Plan is only transferable by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.

Subject to the above, Participants are not to grant any security interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Shares are issued or transferred to that Participant, and any such security interest or disposal or dealing will not be recognised in any manner by the Company.

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**Exercise on vesting**

If an Invitation provides for:

- the deemed automatic exercise of a Performance Right, no further action is required from the Participant upon vesting of a Performance Right in order to exercise that Performance Right; or
- the manual exercise of a vested Performance Right, a Participant may exercise any vested Performance Right at any time from the date the Board notifies the Participant of the vesting of the Performance Right until the date on which a Performance Right lapses, by giving the prescribed form of notice to the Board.

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**Lapse of Performance Rights**

An unvested Performance Right, or (where applicable) a vested but unexercised Performance Right, will lapse on the earliest to occur of:

- the end of the Performance Period if the Performance Criteria relating to the Performance Right have not been satisfied;
- the Participant purporting to transfer a Performance Right or grant a security interest in or over, or otherwise purporting to dispose of or deal with, a Performance Right or interest in it (except where the Performance Right is transferred by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy);
- the Participant ceasing employment with a Group Member (and is not immediately employed by another Group Member), except in certain circumstances as explained below under the heading "Qualifying Reason and cessation of employment";
- if in the opinion of the Board, the Participant has acted fraudulently or dishonestly or in breach of his or her obligations to the Group, and the Board determining that the Performance Rights held by the Participant should lapse;
- an event such as a takeover bid or scheme of arrangement occurring (in certain circumstances subject to the Board's discretion); and
- the date that is fifteen years after the grant of the Performance Right.

*Qualifying Reason and cessation of employment*

Performance Rights of a Participant will automatically lapse if the Participant ceases to be employed by a Group Member (and is not immediately employed by another Group Member), unless the Participant ceases to be employed because of a "Qualifying Reason" in which case that Participant's Performance Rights will be treated as follows:

- if less than six months of the Performance Period relating to those Performance Rights has elapsed at the date of cessation of employment, all of those Performance Rights will lapse (unless the Board, in its absolute discretion, determines otherwise); and

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- if six months or more of the Performance Period relating to those Performance Rights has elapsed at the date of cessation of employment, then (unless the Board, in its absolute discretion, determines otherwise) a proportion of the Participant's Performance Rights (calculated by reference to the number of days in the Performance Period which have elapsed as the date of cessation of employment) will be capable of vesting. Such Performance Rights will only vest (unless the Board, in its absolute discretion, determines otherwise) if over the Performance Period the Performance Criteria in respect of those Performance Rights were satisfied and the Board gives notice to the Participant of its determination to that effect. In such circumstances, the remaining Performance Rights of the Participant which do not vest will lapse.

If a Participant ceases to be employed by a Group Member (and is not immediately employed by another Group Member) because of a Qualifying Reason, any vested but unexercised Performance Rights held by that Participant will immediately be deemed to have been exercised.

A "Qualifying Reason" includes the death, total and permanent disablement, or retirement of the Participant (as determined by the Board in its absolute discretion), or where the Participant ceases to be employed by a Group Member as a result of a relevant body corporate ceasing to be a Group Member, or the sale of a business conducted by a Group Member to a third party (other than to another Group Member). The Board may also determine, in its absolute discretion, that any other reason will constitute a "Qualifying Reason".

**Impact of takeover bid or scheme**

- If:
- a takeover bid (as defined in the Corporations Act) is made for Shares before the end of the Performance Period; or
  - a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
  - any person becomes bound or entitled to acquire Shares under:
    - section 414 of the Corporations Act; or
    - Chapter 6A of the Corporations Act,

the Board will make a determination as to how a Participant's unvested Performance Rights and any vested but unexercised Performance Rights will be dealt with, and, in doing so, may determine, in its absolute discretion that a Participant's unvested Performance Rights vest (in whole or in part) and any vested but unexercised Performance Rights are deemed to have been exercised and may impose any conditions on such vesting or exercising as it thinks fit.

In making its determination, the Board will have regard, without limitation, to the extent to which the Performance Criteria in respect of a Participant's Performance Rights have been satisfied as at the relevant date.

**Adjustments upon alterations of capital**

Subject to the Listing Rules, if the Company makes a new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital, then the Board may make adjustments to a Participant's Performance Rights (including, without limitation, to the number of Shares which may be acquired on vesting of the Performance Rights) and/or the Performance Criteria on any basis its sees fit in its absolute discretion to ensure that no advantage or disadvantage accrues to the Participant as a result of such corporate actions.

Subject to the above adjustments, during the currency of any Performance Rights and prior to vesting and the issue or transfer of Shares in respect of those Performance Rights, Participants are not entitled to participate in any new issue of securities of the Company as a result of their holding of Performance Rights.



Notwithstanding any other provision of the rules of the Plan dealing with adjustments, an adjustment must not be made under such adjustment rules unless it is consistent with the Listing Rules. The Company may amend the terms of any Performance Right, or the rights of any Participant under the Plan, to comply with the Listing Rules applying at the time to any reorganisations of capital of the Company.

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**Administration**

The Board will manage and administer the Plan, unless it decides to delegate the management and administration of the Plan, and any of its powers or discretions under the Plan, to a committee.

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**Amendment of the Plan**

The Board may by written instrument amend all or any of the provisions of the Plan, with retrospective effect, provided that the amendment does not materially reduce the rights of any Participant as they existed before the date of amendment. The Plan provisions do, however, provide that in limited circumstances (for example, for the purpose of complying with relevant legislation or the Listing Rules) amendments may be made even if they materially reduce the rights of a Participant.

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## LODGE YOUR PROXY APPOINTMENT ONLINE



### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



### MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

## ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Australian Strategic Materials Limited and entitled to attend and vote hereby:

### APPOINT A PROXY

The Chair of the Meeting **OR**



**PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **The Park Business Centre, 45 Ventnor Avenue West Perth, Western Australia 6005 on Wednesday, 22 November 2023 at 10:00 am (AWST)** and at any adjournment or postponement of that Meeting.

The Meeting will also be broadcast live via the link below to give Shareholders the opportunity to observe the meeting proceedings.

<https://www.advancedshare.com.au/Dashboard/Meeting-Casting-Control?meetingid=ASM0004>

**Chair's voting intentions in relation to undirected proxies:** The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

**Chair authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 3, 4 & 5 (except where I/we have indicated a different voting intention below) even though these resolutions are connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair.

### VOTING DIRECTIONS

Resolutions	For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Mr Ian Jeffrey Gandel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of issue of Shares to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of the grant of Performance Rights to the Managing Director - 166,363 FY24 STI Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of the grant of Performance Rights to the Managing Director - 443,636 FY24 LTI Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address



Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

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STEP 1

STEP 2

STEP 3

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

### CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

### DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

### VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

### PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 1, 3, 4 & 5, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 1, 3, 4 & 5.

**PLEASE NOTE:** If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

### CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

Where the holding is in one name, the security holder must sign.

#### Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

#### Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 10:00 am (AWST) on 20 November 2023, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



#### ONLINE PROXY APPOINTMENT

[www.advancedshare.com.au/investor-login](http://www.advancedshare.com.au/investor-login)



#### BY MAIL

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009; or  
PO Box 1156, Nedlands WA 6909



#### BY FAX

+61 8 6370 4203



#### BY EMAIL

[admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)



#### IN PERSON

Advanced Share Registry Limited  
110 Stirling Hwy, Nedlands WA 6009



#### ALL ENQUIRIES TO

Telephone: +61 8 9389 8033