



For personal use only

Advanced Energy Minerals Limited

INTERIM REPORT
FOR THE HALF YEAR ENDED 30 JUNE

2025

Advanced Energy Minerals Limited

ABN 20 095 907 565

Interim Report - 30 June 2025

For personal use only

Advanced Energy Minerals Limited
Directors' report
30 June 2025

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Advanced Energy Minerals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2025.

Directors

The following persons were directors of Advanced Energy Minerals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Richard Seville, Executive Chairperson
Michael Adams, Managing Director and Chief Executive Officer
Timothy Fletcher, Non-Executive Director
Steve Petersohn, Non-Executive Director
Richard Evans Non-Executive Director
Nassif Obeid Non-Executive Director
Anthony Giammaria Non-Executive Director

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity are:

Advanced Energy Minerals Inc (100%)

Advanced Energy Minerals Inc is the holding company for our high purity alumina (HPA) operating companies and has two subsidiaries: 1) AEM Canada Inc ("ACG") which owns and operates the chemical plant in Cap-Chat, Quebec, Canada, for the production of HPA which is used in the synthetic sapphire/LED industry, advanced ceramics, battery applications, semi-conductors and other associated products and 2) AEM Technologies Inc ("AET") with-research and development facilities at Montreal, Quebec Canada.

Review of operations

The profit/(loss) for the consolidated entity after providing for income tax and amounted to (\$9,111,053) (30 June 2024: \$59,480,000 Profit).

Overview

Operations at the Cap-Chat Plant: The Stage 1 Expansion was advanced substantially during the first half of the year and we achieved a major milestone in May when we completed commissioning of our new tunnel kiln, thereby raising the production capacity of the Cap-Chat Plant to an independently verified 2,000 tpa of HPA. In achieving this milestone, we were able to release the outstanding C\$3.7 million available balance on our loans from Investissement Quebec and Economic Development Canada. Meanwhile the existing plant continued in production to provide HPA as samples for customer engagement and product qualification, and in larger quantities for commercial orders.

Sales and Marketing: Our pipeline of sales opportunities continued to grow and mature as we converted opportunities from the product qualification stage into commercial relationships. We successfully incorporated a new subsidiary in Japan and now have two full time employees based there; one a new recruit who acts as our Business Development Manager for Japan, the other our Technical Marketing Manager for Asia, who provides technical support to our sales staff and customers across the region and who relocated from Montreal to Tokyo in April.

Research and Development: Our new product development efforts continued and we were able to move our new approach for manufacturing an improved nano powder from the laboratory successfully into pilot production in Cap-Chat. We also made good progress in the laboratory developing a process for reducing uranium impurities in our HPA to an extremely low level with the aim of being able to satisfy a growing demand for such product from the semiconductor industry. We continued to invest in additional analytical equipment for our laboratories in Montreal and Cap-Chat, most notably in an X-ray Diffractometer.

Stage 2 Expansion: We completed our prefeasibility study for our Stage 2 Expansion Project, which demonstrated very robust project economics.

IPO: AEM continued preparations for the forthcoming listing of the company on the ASX in 2025. A draft prospectus is prepared and currently being verified with accompanying independent expert reports. Co-Lead managers are being appointed and markets permitting a listing is planned for Q4 2025.

Advanced Energy Minerals Limited
Directors' report
30 June 2025

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Richard Seville
Director

10 September 2025
Sydney

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Advanced Energy Minerals Limited for the half-year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
10 September 2025



N G Neill
Partner

hlb.com.au

HLB Mann Judd ABN 22 193 232 714

A Western Australian Partnership

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

Advanced Energy Minerals Limited

Contents

30 June 2025

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	21
Independent auditor's review report	22

General information

The interim financial statements cover Advanced Energy Minerals Limited as a consolidated entity consisting of Advanced Energy Minerals Limited and the entities it controlled at the end of, or during, the half-year. The interim financial statements are presented in Australian dollars, which is Advanced Energy Minerals Limited's functional and presentation currency.

Advanced Energy Minerals Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office

3 Amy Close
Wyong NSW 2259
Australia

Principal Place of Business

7220 Rue Fredrick-Banting
Saint-Laurent, QC H4S 2A1

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

The interim financial statements were authorised for issue, in accordance with a resolution of directors, on 10 September 2025.

Advanced Energy Minerals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2025

	Note	6 months to 30-June 2025	6 months to 30-June 2024
Revenue	3	248,486	70,883
Other income	4	156,945	37,861
Gain on Consolidation	5	-	63,070,964
		405,431	63,179,708
Expenses			
Raw materials and consumables used		(316,136)	-
Employee benefits expense		(6,078,050)	(3,018,925)
Depreciation and amortisation		(634,756)	(173,957)
Patent maintenance		(63,920)	(52,780)
Production expenses	6	(1,234,911)	(197,869)
Other expenses	6	(2,201,197)	(1,308,854)
Finance costs	6	(501,804)	(1,053,595)
Total expenses		(11,030,774)	(5,805,980)
(Loss)/Profit before Tax		(10,625,343)	57,373,728
Income tax (expense)/ benefit	7	1,514,291	2,106,272
Net (Loss)/Profit for the Period		(9,111,052)	59,480,000
Other Comprehensive Profit/(Loss)			
Items that will not be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		11,430	234,808
Total Comprehensive (Loss)/Profit for the Period		(9,099,622)	59,714,808

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

Advanced Energy Minerals Limited
Statement of financial position
As at 30 June 2025

	Note	Consolidated	
		30 June, 2025	31 December, 2024
Current Assets			\$
Cash and cash equivalents	8	4,793,571	2,927,098
Trade and other receivables	9	634,479	1,143,188
Inventories	10	506,546	429,435
Current Assets - others	11	2,646,840	7,509,054
Total Current Assets		8,581,436	12,008,775
Non-Current Assets			
Property, plant, and equipment	12	117,198,893	106,497,354
Exploration and evaluation asset	13	730,000	730,000
Intangibles	14	537,066	780,321
Goodwill	15	52,197,712	52,197,712
Total Non-Current Assets		170,663,671	160,205,387
Total Assets		179,245,107	172,214,162
Current Liabilities			
Trade and other payables	16	2,248,890	2,957,724
Debentures	20	38,947,636	26,349,815
Embedded Derivative	20	18,091,641	15,563,379
Borrowings	18	180,068	1,244,911
Employee benefits	17	414,338	138,272
Total Current Liabilities		59,882,573	46,254,101
Non-Current Liabilities			
Borrowings	19	10,190,085	6,173,698
Deferred Tax Liability	21	14,688,441	16,202,732
Total Non-Current Liabilities		24,878,526	22,376,430
Total Liabilities		84,761,098	68,630,531
Net Assets		94,484,009	103,583,631
Equity			
Issued capital	22	76,064,244	76,064,244
Reserves	23	2,114,460	2,103,030
Retained Earnings		16,305,305	25,416,357
Total Equity		94,484,009	103,583,631

The above statement of financial position should be read in conjunction with the accompanying notes

Advanced Energy Minerals Limited
Statement of changes in equity
For the half-year ended 30 June 2025

Consolidated	Issued Capital	Retained Earnings/(Accumulated Losses)	Share Based Payment Reserve	Foreign Exchange Translation Reserve	Non Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2024	23,013,054	(23,563,007)	934,895	537,895	178,213	1,101,050
Profit (Loss) for the period	-	59,480,000	-	-	-	59,480,000
Other comprehensive income for the period	-	-	-	234,808	-	234,808
Total comprehensive income for the period	-	59,480,000	-	234,808	-	59,714,808
Shares issued during the year (net of costs)	21,530,534	-	-	-	-	21,530,534
Loss of control/Regaining of Control	-	-	-	885,878	(178,213)	707,665
Balance at 30 June 2024	44,543,588	35,916,993	934,895	1,658,581	-	83,054,057
Balance at 1 January 2025	76,064,244	25,416,357	934,895	1,168,135	-	103,583,631
Profit (Loss) for the period	-	(9,111,052)	-	-	-	(9,111,052)
Other comprehensive income for the period	-	-	-	11,430	-	11,430
Shares issued during the year (net of costs)	3,288,779	-	-	-	-	3,288,779
Convertible Note Issued to Vivent - Conversion	(3,288,779)	-	-	-	-	(3,288,779)
Balance at 30 June 2025	76,064,244	16,305,305	934,895	1,179,565	-	94,484,009

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

For personal use only

Advanced Energy Minerals Limited
Statement of cash flows
For the half-year ended 30 June 2025

	Note	6 months to 30-June 2025	6 months to 30-June 2024
Cash flows from operating activities		\$	\$
Cash flows used in operating activities:			
Loss from continuing operations		(10,625,343)	57,373,728
Adjustments for:			
Depreciation		634,756	173,957
Non-cash net financial expenses		(1,176,741)	(541,465)
Gain on Consolidation of Vivent Interest		-	(63,070,964)
Sales taxes and other receivables		524,452	311,789
Inventory		(78,377)	(10,495)
Prepaid expenses and others		(2,625,731)	(3,745,743)
Accounts payable and accrued liabilities		(223,074)	(1,309,029)
Net cash used in operating activities		(13,570,058)	(10,818,222)
Cash flows from financing activities:			
Issue of Shares in AEM Ltd		-	3,520,000
Cash acquired on control of AEM		-	303,211
Proceeds from C3I Tax Credit		1,662,940	-
Proceeds from long-term debt		3,911,926	4,948,436
Repayment of long-term debt		2,706	-
Proceeds from the Issue of Debentures		15,255,923	(316,534)
Net cash from financing activities		20,833,495	8,455,113
Cash flows used in investing activities:			
Additions to Long Lead Items		7,471,070	2,896,883
Additions to property, plant and equipment		(12,909,518)	(2,417,816)
Additions to intangible assets		41,484	36,609
Net cash used in/(from) investing activities		(5,396,964)	515,676
Net increase/(decrease) in cash		1,866,473	(1,847,433)
Cash, beginning of period	8	2,927,098	3,585,028
Cash, end of period		4,793,571	1,737,595

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

Advanced Energy Minerals Limited
Notes to the financial statements
30 June 2025

Note 1. Corporate Information and Material accounting policy information

Corporate information

Advanced Energy Minerals Limited. (the 'company' or 'parent entity') is an un-listed public company incorporated in New South Wales, Australia with its Registered office at 3 Amy Close, Wyong NSW 2259, Australia and Principal Place of Business at 7220 Rue Fredrick-Banting, Saint-Laurent, QC H4S 2A1 Canada.

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

For the year ended 30 June 2025, the Group had incurred a net (loss) after tax of (\$9,111,052) (2024: net profit after tax \$59,480,000 including the Gain on Acquisition of the interest in Vivent), a net cash inflow of \$1,866,473 (2024: net cash outflow (\$1,847,433)), was in a net asset position of \$94,484,008 (Dec 2024: \$103,583,631) and a cash and cash equivalents position of \$4,793,571 (Dec 2024: \$2,927,098) as at 30 June 2025.

The financial statements have been prepared on a going concern basis, meaning on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing for its working capital. The Company has not generated significant revenue or cash flow from its HPA business or exploration and evaluation assets. The Company's sources of funding to this point have been the issuance of equity securities, debt and government grants.

The continued viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent on the Group being successful in securing funding when and if it is required.

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be successful in these endeavours and the Group will be able to continue to meet its debts as and when they fall due based on its ability over the previous months to secure financing such as the following funding developments subsequent to 30 June 2025:

- AEM has continued to raise capital under the 2024/25 Convertible Debenture with an additional CAD \$1.5m of funds raised from July 1 2025 until 12 September 2025.
- AEM has a planned IPO in Q4 2025 which will provide additional funds and at a minimum 2yrs working capital for the business. The Convertible Debentures outstanding automatically convert into shares in AEM Ltd in the event of an IPO.

The Company has no other committed sources of future financing as of the date of these financial statements other than the one mentioned above.

If the going concern assumption were not appropriate for these financial statements, adjustments to the carrying value of assets and liabilities, reported expenses and statement of financial position classifications would be necessary. Such adjustments could be material and may occur in the near term.

Note 1. Corporate Information and Material accounting policy information (continued)

These factors indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, in which case it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

New or amended Accounting Standards and Interpretations adopted

In the half-year ended 30 June 2025, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period. The Directors have determined that there are no material impacts of the new and revised Standards and Interpretations on the group.

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

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment based on the products and services provided, sale of High Purity Alumina.

Note 3. Revenue

	Consolidated	
	6 months to 30-June 2025	6 months to 30-June 2024
Revenue	\$	\$
Revenue - Sale of HPA Products, point in time	248,486	70,883
	248,486	70,883

Note 4. Other income

	Consolidated	
	6 months to 30-June 2025	6 months to 30-June 2024
Other income	\$	\$
Grant income (1)	143,372	37,860
Other	13,573	-
	156,945	37,860

(1) Grant income relates to the receipt of an R&D Tax Credit.

Advanced Energy Minerals Limited
Notes to the financial statements
30 June 2025

Note 5. Gain on Consolidation

	Consolidated	
	6 months to 30-June 2025	6 months to 30-June 2024
Gain on Consolidation	-	63,070,964
	-	63,070,964

On May 6th 2024 AEM completed the acquisition of the 40% interest in AEM Inc (Canadian subsidiary) held by Vivent Initiative to achieve 100% ownership of AEM Inc. The transaction was an arm's length transaction conducted at fair value between an independent buyer and seller. Please refer Note 25 – Business Combinations for further details.

Note 6. Expenses

		Consolidated	
		6 months to 30-June 2025	6 months to 30-June 2024
Production expenses	a	1,234,911	197,869
Finance costs	b	501,804	1,053,595
Other expenses	c		
Professional & Consulting fees		1,467,568	913,445
Audit fees		94,858	16,709
Other		638,771	378,700
Total other expenses		2,201,197	1,308,854

- a) Production expenses include cost not directly attributable to the acquisition of new fixed assets or the development of new technologies. The production expenses include repair and maintenance of the HPA production plant, energy, chemicals & waste, and transportation costs related to the cost of Plant management and inefficiency due to the low production volume during 2024.
- b) Finance costs include Interest on Convertible Debentures capitalised into the Debenture, Fair Value losses on the Embedded Derivative and other financing transaction costs.
- c) Other Expenses include Professional & Consulting Insurance, General Administration and Marketing Costs.

Note 7. Income Tax

	Consolidated	
	6 months to 30-June 2025	6 months to 30-June 2024
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	(9,099,622)	59,714,808
Tax at the statutory tax rate of 30%	2,729,887	(17,914,442)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not brought to account	-	16,890,827
Tax Benefit from Prior Year	(2,729,887)	1,023,615
	1,514,291	2,106,272
Income tax (expense)/benefit	1,514,291	2,106,272

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	30 June, 2025	31 December, 2024
	\$	\$
Cash at bank and in hand	4,793,571	2,927,098
	4,793,571	2,927,098

Note 9. Trade and Other Receivables

	Consolidated	
	30 June, 2025	31 December, 2024
Current	\$	\$
Trade Debtors	164,246	-
GST/Sales Tax Receivable	-	691,280
CYK Loan Recievable	470,233	451,908
	634,479	1,143,188

Note 10. Inventories

	Consolidated	
	30 June, 2025	31 December, 2024
At Cost	\$	\$
Finished products	89,717	122,339
Intermediate product	216,521	217,128
Raw materials	200,308	89,968
	506,546	429,435

Note 11. Current Assets – Other

	Consolidated	
	30 June, 2025	31 December, 2024
Current	\$	\$
Prepaid Expenses (1)	2,646,840	7,509,054
	2,646,840	7,509,054

(1) Prepaid expenses consist of items purchased on long lead awaiting final installation and commissioning in relation to the capital works programme/plant upgrade at the Capchat plant in Quebec, Canada.

Advanced Energy Minerals Limited
Notes to the financial statements
30 June 2025

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	30 June, 2025	31 December, 2024
	\$	\$
Land and buildings	1,051,807	1,054,755
Less: accumulated depreciation	(475,110)	(442,056)
	576,697	612,699
Assets under construction, at cost	23,203,498	10,392,353
Furnitures and IT – at cost	140,147	140,744
Less: accumulated depreciation	(140,002)	(129,507)
	145	11,237
Plant and equipment – at cost	98,726,708	10,739,420
Fair Value on Acquisition of Vivent Interest	-	88,000,181
Less: accumulated depreciation	(3,721,583)	(3,341,508)
C3I Tax Credit Offset (1)	(1,662,940)	-
	93,342,185	95,398,093
Vehicles – at cost	90,763	90,763
Less: accumulated depreciation	(14,395)	(7,791)
	76,368	82,972
	117,198,893	106,497,354

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Reconciliation of plant and equipment	Land and buildings	Plant and equipment	Furnitures and IT equipment	Assets under construction	Vehicles	Total
Carrying amount at the beginning of the period	612,699	95,398,092	11,238	10,392,353	82,972	106,497,354
Additions	-	0	-	12,840,184	-	12,840,184
Depreciation	(34,289)	(380,075)	(10,831)	-	(6,604)	(431,799)
Disposals	-	(12,891)	-	-	-	(12,891)
Foreign currency translation movement	(1,713)	(1)	(262)	(29,039)	-	(31,015)
C3I Tax Credit Offset	-	(1,662,940)	-	-	-	(1,662,940)
Carrying amount at the end of the period	576,697	93,342,185	145	23,203,498	76,368	117,198,893

(1) C3I Tax Credit Offset relates to the receipt of a 3CI credit of \$1,487,832 CAD from Revenue Quebec in May 2025. The 3CI credit short for Crédit d'impôt investissement et innovation is a fiscal program offered by Revenu Québec to encourage businesses to modernize their equipment and adopt innovative technologies. Pre 31/12/2023 the credit was between 20-40% of new equipment/Post 31/12/23 it is between 15-25% of new equipment purchased. Under AASB 120.12, grants related to assets must not be recognised directly as income unless they are matched against depreciation or amortisation. The treatment adopted is to deduct the grant from the cost of the asset preferred for simplicity and alignment with The C3I credit is clearly asset-related, as it is tied to the acquisition of specific equipment and software.

Note 13. Exploration and Evaluation Asset

	Consolidated	
	30 June, 2025	31 December, 2024
Exploration and evaluation expenditure (EEA) at cost:	\$	\$
MLA100200 and HPA application related EEA	730,000	730,000
	730,000	730,000

Note 14. Intangibles

	Consolidated	
	30 June, 2025	31 December, 2024
Intangibles assets		\$
Trade Name & Domain Name	67,335	64,210
Patents, at cost	1,046,692	1,052,940
Less: accumulated amortisation	(576,961)	(336,829)
	537,066	780,321

Note 15. Goodwill

	Consolidated	
	30 June, 2025	31 December, 2024
	\$	\$
Opening Balance	52,197,712	-
Fair Value of Consideration	-	121,888,889
Less Fair Value of Assets Acquired (Net)	-	(69,691,177)
Goodwill on Acquisition	52,197,712	52,197,712

Note 16. Trade and Other Payables

	Consolidated	
	30 June, 2025	31 December, 2024
Current	\$	\$
Trade Payables and accruals	2,248,890	2,957,724
	2,248,890	2,957,724

Note 17. Employee Benefits

	Consolidated	
	30 June, 2025	31 December, 2024
	\$	\$
Employee Entitlements	406,247	118,897
Superannuation Payable	8,091	19,375
	414,338	138,272

Note 18. Other Current liabilities - borrowings

		Consolidated	
		30 June, 2025	31 December, 2024
Current		\$	\$
Other Loans	a	26,029	23,390
3CI Loan	b	-	652,320
Lease Liability - Right of Use Asset	c	154,039	569,201
		180,068	1,244,911

- (a) Other Loans -this represents the Short Term portion of the Ford Loan.
(b) 3CI Loan- In November 2024, AEM Canada Group Inc., a subsidiary, secured loans amounting to CAD \$582,000 (AUD \$652,320) for working capital and general corporate purposes. The loans were repaid in June 2025.
(c) Lease Liability re Right of Use Asset – relates to Rental Lease agreement with Montreal Head Office.

Note 19. Non-current liabilities - borrowings

		Consolidated	
		30 June, 2025	31 December, 2024
IQ & DEC Loan		10,122,779	6,075,034
Ford Loan		67,306	98,664
		10,190,085	6,173,698

Assets pledged as security

The IQ and DEC loans are secured by first mortgages over the Canadian subsidiaries land, buildings and equipment.

Note 20. – Convertible Debentures

Throughout the year ended December 31, 2023 and December 31, 2024, AEM Inc issued convertible debentures for total proceeds of \$20,329,858 (CAD) and \$13,699,474 (CAD) respectively. During the period ended 30 June 2025 an additional \$14,074,009 CAD of debentures were issued.

The debentures accrue interest at a rate of 10% per annum until fully repaid or converted. The total amount of the principal and any accrued interest are repayable on maturity which is December 31, 2025 (2023/2024/25 Debentures), or at any time prior to maturity if the Company sells substantially all its assets. During the period ended 30 June 2025 the 2023 Debentures expiry date was extended from May 31, 2025 to 31 December 2025, this was approved by a majority of 75% or greater of Debenture holders.

The debentures are mandatorily convertible into Class D common shares of the Company at any time on or prior to the maturity date if the Company successfully lists for trading its shares on a reputable stock exchange pursuant to any type of transaction. On the occurrence of a Qualified Public Listing (“QPL”) the face value of the Convertible Notes and the PIK (Payment in Kind/Capitalised) Interest will automatically convert into the shares of the IPO Entity on the QPL Conversion Date at the lesser of a price that is discounted to the IPO offer price by:

- 25% if the IPO occurs prior to or on 31 May 2025 – 2023 Debentures
- 25% if the IPO occurs prior to or on 30 June 2025 – 2024/25 Debentures,
- 30% if the IPO occurs after 30 June 2025 but before the Maturity Date – 2024/25 Debentures,

or a price based on the Valuation Cap. 2023 Debentures Valuation Cap = \$100m CAD, 2024/25 Debentures Valuation Cap = \$150m CAD.

During 2024 the 2023 Debentures were amended to convert into shares of AEM Ltd upon QPL instead of AEM Inc, the Canadian subsidiary.

Advanced Energy Minerals Limited
Notes to the financial statements
30 June 2025

The conversion ratio is based on the date of the QPL. The conversion option is classified as a derivative financial liability measured at fair value through profit or loss. The fair value of the embedded derivative component is assessed at each reporting date. Changes in the fair value of the derivative are recognized in profit or loss.

The host liability is classified as a non-current liability. Transaction costs incurred on the issuance of the convertible debentures have been allocated proportionately between the host liability and the embedded derivative, with the portion on the host liability being capitalized as a contra-liability and amortized throughout the life of the debentures and the portion on the embedded derivative being expensed as incurred.

Valuation of Convertible Debentures

	\$
Carrying value - convertible debt as at 1 January 2024	13,976,267
Interest Accrued 2024	2,678,204
Transaction Cost Amortization	361,360
Face Value of Convertible Debenture issued in 2024	15,354,712
Initial recognition of derivative liability	(5,686,773)
Initial recognition of transaction costs	(333,955)
Carrying value - convertible debt as at December 31 2024	26,349,815
Interest Accrued 2025 - June	2,643,990
Transaction Cost Amortization	260,016
Exchange Rate Difference	(73,627)
Face Value of Convertible Debenture issued in 2025	15,730,422
Initial recognition of derivative liability	(5,412,220)
Initial recognition of transaction costs	(550,760)
Carrying value - convertible debt as at June 30 2025	38,947,636

Derivative Liability Valuation (Level 3 fair value)

	June 30, 2025	December 31, 2024
	\$	\$
Opening Balance	15,563,379	8,485,512
Initial recognition of derivative liability	5,412,220	5,686,773
Change in fair value	(2,555,530)	1,578,626
Transaction Costs Capitalised	(284,940)	(187,531)
Transaction Costs Amortisation	-	-
Exchange Rate Difference	(43,488)	(1)
Carrying value - derivative liability	18,091,641	15,563,379

For personal use only

Note 21. Deferred Tax

	Consolidated	
	30 June, 2025	31 December, 2024
Potential deferred tax asset comprises temporary differences attributable to:	\$	\$
Unused tax losses for which no deferred tax asset has been recognized	17,203,128	14,535,160
Provisions & Other Items	191,595	191,595
Unused tax credits for which no deferred tax asset has been recognized	1,098,742	1,098,742
	<u>18,493,465</u>	<u>15,825,497</u>
Potential tax benefit not recognised at 30% (2024: 30%)	5,548,040	4,747,649

The benefit of these tax losses will only be realised if the Group derives further assessable income of a nature an amount

	Consolidated	
	30 June, 2025	31 December, 2024
Net Deferred tax liabilities Recognised	\$	\$
Unused tax losses for which a deferred tax asset has been recognized (prior years)	(35,892,315)	(24,985,864)
Unused tax losses for which a deferred tax asset has been recognized (Current Period)	(5,788,910)	(10,981,057)
Fair Value Property Plant & Equipment	97,109,305	97,109,305
	<u>55,428,080</u>	<u>61,142,384</u>
Deferred tax liabilities at 26.5%	14,688,441	16,202,732

Note 22. Equity - issued capital

	Consolidated			
	2025	2024	2025	2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	305,178,874	305,178,874	76,064,244	76,064,244

Note 23. Reserves

	Consolidated	
	30 June, 2025	31 December, 2024
Reserves		\$
Foreign currency translation reserve	1,179,565	1,168,135
Share based payment reserve	934,895	934,895
	<u>2,114,460</u>	<u>2,103,030</u>

Note 24. Contingent liabilities and Commitments

The consolidated entity had no contingent liabilities or commitments as at 30 June 2025 and 31 December 2024.

Capital commitments

The consolidated entity had capital commitments for property, plant and equipment related to the plant upgrade in Canada of \$2,838,746 AUD as at June 30 2025 and \$4,438,190 AUD as at 31 December 2024.

Note 25. Business combinations

On May 6th 2024 AEM completed the acquisition of the 40% interest in AEM Inc (Canadian subsidiary) held by Vivent Initiative to achieve 100% ownership of AEM Inc. (44,055,033 shares held in AEM Inc). The transaction was an arm's length transaction conducted at fair value between an independent buyer and seller. In exchange for the acquisition AEM issued shares and convertible notes in AEM to the shareholders in Vivent for a total of 44,815,647 Shares and 76,591,390 Nil Coupon Convertible Notes in AEM. The Transaction has been accounted for as a business combination. On May 6th 2024 AEM Ltd acquired the remaining 40% of the shares of AEM Inc for the total consideration transferred of \$121m AUD. This is a high purity alumina business and the goodwill of \$52m AUD represents the expected synergies from the acquisition and control of the remaining 40% of the business.

AEM had previously accounted for its investment in AEM Inc using the equity method, as it was considered an associate under AASB 128 since AEM had significant influence but not control given the existence of a detailed shareholder agreement. With the acquisition of the remaining 40% shares, AEM now holds 100% ownership and fully controls the activities and decisions of AEM Inc, necessitating a transition to full consolidation under AASB 10. In November 2022, AEM and ViVent received an independent fair market value estimation report on the HPA operation in Canada from MNP¹ as part of the process to create a Canadian holding company to replace the Cypriot holding company. The valuation indicated a fair market value of C\$93.6m excluding shareholder loans which totalled C\$16.4m for a total transaction value of C\$110.1m. The transaction was an arm's length transaction conducted at fair value between an independent buyer and seller.

As part of the transaction, AEM and Vivent received an independent fair market value estimation report on the HPA operation in Canada from MNP¹. The valuation indicated a fair market value of C\$93.6m excluding shareholder loans which totalled C\$16.4m for a total transaction value of C\$110.1m. The transaction was an arm's length transaction conducted at fair value between an independent buyer and seller.

As a result of the above transactions, AEM has recognized a gain on acquisition of \$63m of the Vivent interest. Upon acquiring control of the investee, AEM must apply the acquisition method of accounting as outlined in AASB 3 which involves specific steps to ensure that the assets, liabilities, and equity of the acquiree are properly recognised and measured. Details of the acquisition are as follows:

¹ MNP (previously known as Meyers Norris Penny) is one of the largest full-service chartered professional accountancy and business advisory firms in Canada.

Advanced Energy Minerals Limited
Notes to the financial statements
30 June 2025

	Fair Value (AUD\$)
Cash	303,211
Receivables	226,025
Inventory	642,338
Long-term deposits	2,863,893
Property, plant and equipment	109,013,561
Intangible Assets	844,388
Accounts payable and accrued liabilities	(1,421,204)
Intercompany Loan	(302,745)
Demand loan	(412,671)
Short-term portion of LT Loan	(23,063)
Long-term Debt	(682,685)
Embedded Derivative	(9,269,313)
Debentures	(13,781,555)
Deferred Tax Liability	(18,309,004)
Net Identifiable Assets	<u>69,691,176</u>
Goodwill Acquired	<u>52,197,712</u>
Net Assets Acquired	<u>121,888,888</u>
Acquisition Date Fair Value of the total consideration transferred	<u><u>121,888,888</u></u>
Representing:	
Fair Value of Shares/Convertible Notes Issue and 60% held interest	<u><u>121,888,888</u></u>

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Note 26. Events after the reporting period

The following matters or circumstances have arisen since 30 June 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Convertible Debenture

AEM continued its capital raising under the 2024/25 Pre – IPO convertible debenture raising an additional \$1.5m CAD (pre capital raising fee's). The additional funds raised will be used to complete the capital works programme and for working capital up to the IPO.

IPO Preparations

AEM continued preparations for the forthcoming listing of the company on the ASX in 2025. A draft prospectus is prepared and currently being verified with accompanying independent expert reports. Co-Lead managers are being appointed and markets permitting a listing is planned for Q4 2025.

Other than the above, there are currently no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

For personal use only

Advanced Energy Minerals Limited
Directors' declaration
30 June 2025

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Richard Seville
Director

10 September 2025
Sydney

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Advanced Energy Minerals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the interim financial report of Advanced Energy Minerals Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of Advanced Energy Minerals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibility is further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

hlb.com.au

HLB Mann Judd ABN 22 193 232 714

A Western Australian Partnership

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hbw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
10 September 2025



N G Neill
Partner

For personal use only