ADVANCED
ENERGY MINERALS

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Advancing the Future of High Purity Alumina

ANNUAL REPORT 2025



ABOUT ADVANCED ENERGY MINERALS

DELIVERING ADVANCED, ENGINEERED MATERIALS FOR THE MODERN ECONOMY

Advanced Energy Minerals (AEM) is a Canadian based, customer focused, manufacturer of High Purity Alumina (HPA), produced through proprietary science and powered by sustainable energy.

Our high-value, engineered HPA products are essential for some of the world's most demanding applications, including advanced ceramics, semi-conductors, thermal fillers, and synthetic sapphire manufacturing sectors.

We use an innovative and patented, process, the Chloride Leach Crystallization Purification (CLCP) process which was developed at our Montreal Technical Development Centre. With quality and energy efficiency in design, we deliver industry-leading purity and reliability with a near-zero carbon footprint leveraging Canadian low cost hydro-electricity.

Advanced Energy Minerals is building the technical foundations for a more efficient and sustainable world.

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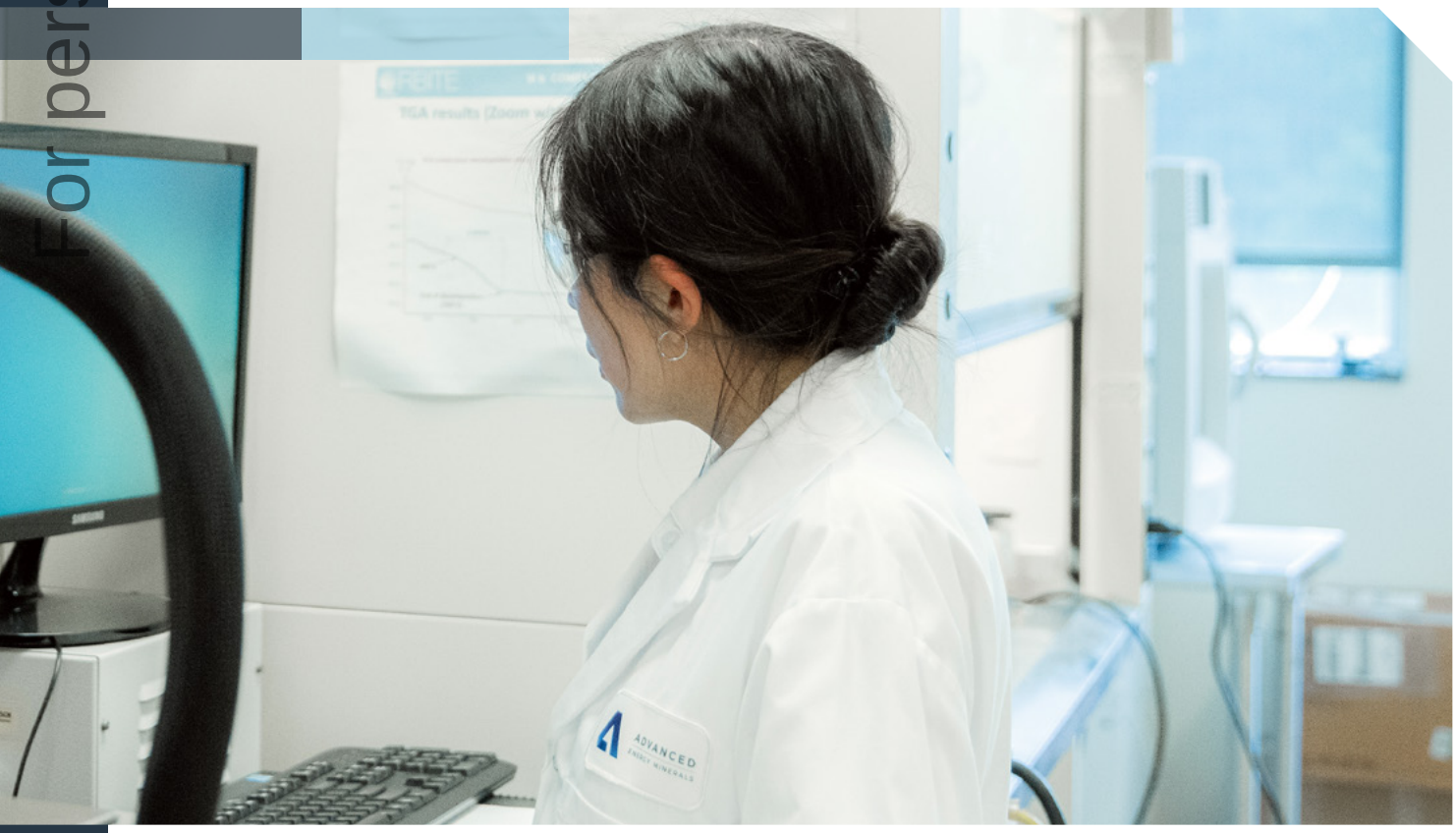
WELCOME TO OUR INAUGURAL ANNUAL REPORT

Advanced Energy Minerals (AEM) is redefining how critical materials are developed and produced at a time when performance, resource security, and sustainability have never been more important.

Founded by scientists with a vision to modernise HPA production, AEM has built a strong foundation of technical excellence and operational discipline. Today, AEM leverages its proprietary CLCP technology, designed and refined at our Montreal Technical Development Centre, to produce HPA with purities ranging from 99.95% to 99.999%. Our materials are developing a reputation with global leaders in high-growth markets where quality, consistency and reliability, are essential.

AEM has entered the ranks of commercial HPA producers from a position of strength. Our technology is proven, our commercial-scale production facility in Cap-Chat is operational, and we are ramping up production to meet the needs of a rapidly growing global market. Powered entirely by hydroelectricity, we meet the rigorous Scope 1, 2 and 3 emission standards required by the industries of the future.

Looking ahead, AEM is set up for sustained growth addressing the structural need for advanced, engineered materials while delivering a compelling value proposition to customers in terms of quality, service and reliability. As this report outlines, we believe the opportunities ahead are significant, and the Company is well prepared to capitalise on them.



LETTER FROM THE CHAIRPERSON



AEM IS AT COMMERCIAL SCALE, CAPTURING MARKET OPPORTUNITIES, AND POSITIONED FOR GROWTH

Mr Richard Seville
Executive Chairperson

Dear Fellow Shareholder,

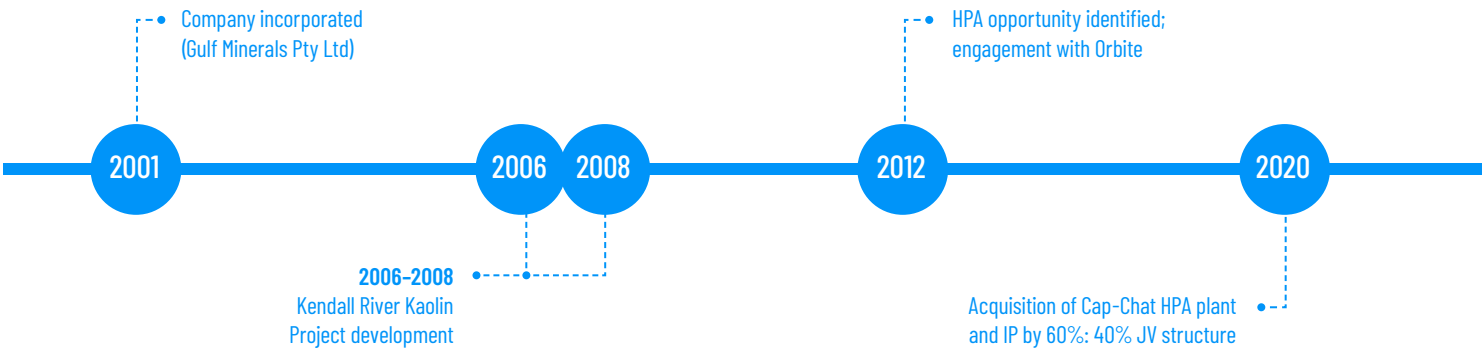
There is no doubt that 2025 was a big year for our company!

In the first part of the year after undertaking a two-year capital works programme, we delivered commercial scale production capacity at Cap-Chat with the commissioning of a large tunnel kiln to undertake the calcining stage of the alpha HPA manufacturing process at scale. With other plant modifications, a 2,000 tpa capacity has been delivered.

In the second part of the year, leveraging off the delivery of the commercial scale plant at Cap-Chat, against a backdrop of volatile geo-politics and unsettled market conditions, we successfully completed an initial public offering raising A$44.8 million pre costs. Trading on the Australian Securities Exchange commenced on 24 December with the "AEM" ticker.

With these fundamental building blocks in place, AEM is now well set to deliver on its growth potential. Our initial focus is to develop our sales to fully utilise our current plant capacity of 2,000 tpa (expanding to 3,000 tpa during the year). This is expected to take approximately two years as the qualification process for HPA takes time and customer orders, once qualified also have a ramp up profile. In parallel with this we will be advancing our expansion plans with the objective of doubling productive capacity to 6,000 tpa from 2029.

HPA is a critical material engineered for the modern economy and has been characterised by strong demand growth over the last ten years in applications such as advanced ceramics, semiconductors, thermal fillers, and synthetic sapphire manufacture.



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A$44.8m

Completed an initial public offering, successfully raising A$44.8 million.

Strong demand growth is forecast to continue over the coming decade, and our strategy is to supply into that growth, establishing ourselves as a key supplier of high quality HPA to an expanding range of applications.

Our 2025 achievements were delivered as a private company funded by many investors over a number of years. On behalf of the board, I would like to thank this group of investors for your engagement and support through this period. We would also like to welcome to the Company the new shareholders who invested in the Company at IPO and afterwards.

Lastly, I would also like to thank our management team led by our Managing Director, Mick Adams, for delivering those outcomes through these challenging times.



TARGET

6,000 tpa

In parallel to customer demand ramp up, we are advancing our expansion plans with the objective of doubling productive capacity to 6,000 tpa from 2029.

- 2021 — Sub-commercial production achieved
- 2023 — Stage 1 Expansion launched to deliver commercial scale production
- 2024 — AEM goes to 100% ownership. Kaolin assets divested
- 2025 — Initial Public Offering and next growth phase

REVIEW OF OPERATIONS

PRODUCING HIGH PURITY ALUMINA FOR THE GROWING MARKETS IN THE ADVANCED ECONOMY

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Advanced Energy Minerals (AEM) produces, markets and sells High Purity Alumina (HPA), a high-value, specialty chemical used in manufacturing advanced ceramics, semi-conductors, thermal fillers, and synthetic sapphire and other advanced economy products manufacturing sectors.

AEM's HPA production plant is located in Cap-Chat, Quebec, Canada and uses a patent-protected manufacturing process to produce HPA at up to 5N1 purity. Operations are supported by AEM's Technical Development Centre (TDC) in Montreal, Quebec, Canada, which is also engaged in product and process development. Sales and marketing are conducted by AEM's own sales team operating from locations in Asia, Europe and North America, supported by a network of distributors and agents.

The HPA market has grown rapidly over recent years with a compound annual growth rate of approximately 13.6% over the period from 2013 to 2024, and with double-digit growth forecast to continue for the next ten years. This growth has been driven by mass adoption of LED technology for energy efficient lighting and supported by significant demand growth in advanced ceramics, semiconductors, thermal fillers, and synthetic sapphire.

All these sectors are forecast to see continued growth, and with increased demand for processing and data storage associated with artificial intelligence an area of particular note.

Unlike homogeneous commodities, HPA is a downstream product which must meet each customer's specific requirements in terms of purity, particle size and morphology. The process for qualifying a product with a customer can typically take one to two years. It begins with laboratory testing of small samples before progressing in stages to industrial scale trials.

AEM acquired the Cap-Chat plant out of administration in 2020, along with its supporting intellectual property rights and the equipment within the Technical Development Centre ("TDC"). In mid-2023, having solved the equipment issues that caused the previous owner to enter administration, AEM embarked on a Stage 1 Expansion project to increase the Cap-Chat plant's production capacity to 3,000 tonnes per annum (tpa) of HPA.

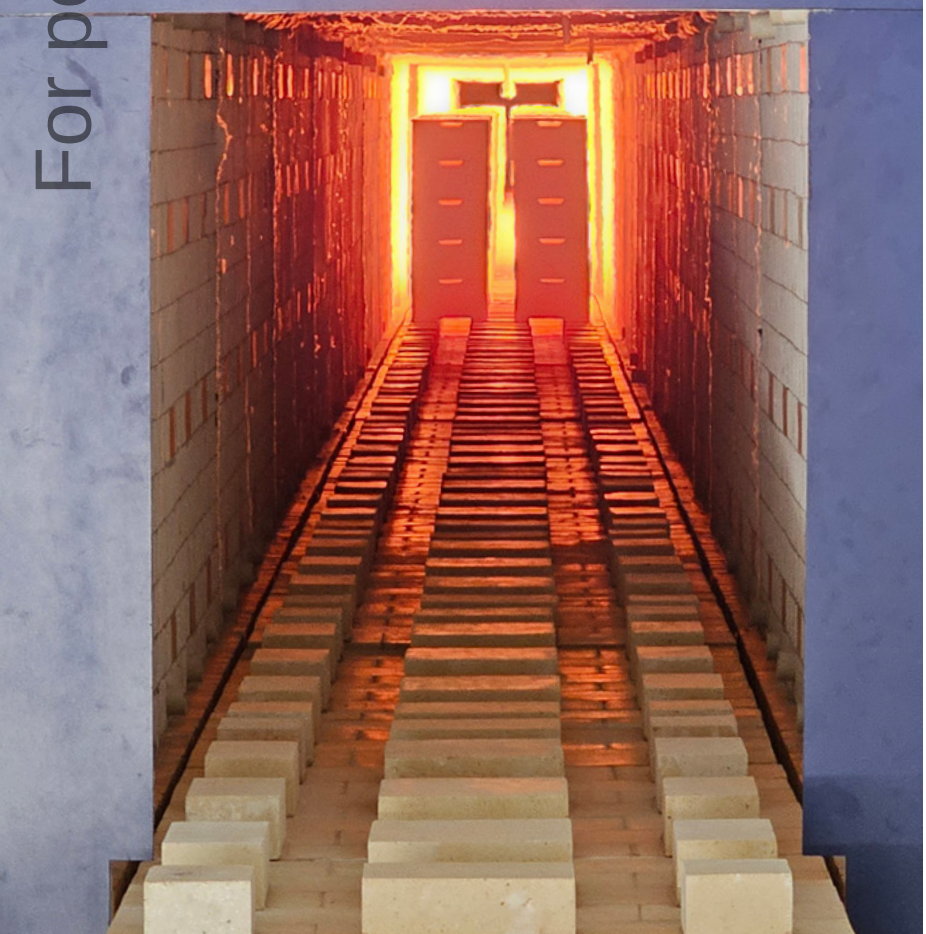
The project delivered a 2,000 tpa capacity plant during 2025 and the Company is now advanced in adding in a further 1,000 tpa capacity during 2026 by means of a dedicated 3N5 purity circuit, thereby completing the Stage 1 Expansion. Looking further ahead, AEM has plans to double the plant's capacity to 6,000 tpa with production commencing in 2029 (Stage 2 Expansion).

By operating in Canada and more particularly Quebec, AEM receives significant operational benefits for the Cap-Chat plant and the Technical Development Centre, including:

- Operating in a business friendly, politically stable jurisdiction with an educated and skilled workforce;
- Access to low-cost renewable energy (Hydro Quebec supplies the Cap-Chat Plant with electricity at less than US5c/kWh) and multiple possible sources of feedstock from Quebec's extensive aluminium industry (including from its preferred supplier, Rio Tinto Alcan); and
- Significant financial support from government for capital investment related to the exploitation of strategic minerals and the economic development of Quebec more generally (AEM has secured project finance facilities from Investment Quebec of approximately C$7 million and Economic Development Canada of approximately C$2 million), as well as a rebate on investment in new equipment (25% in FY24) and tax credits and grants for R&D.

1. The industry typically adopts an "N" or "nines" nomenclature to refer to the purity of HPA. Thus 5N denotes a purity of 99.999%, 4N+ a purity of at least 99.99% and 3N5 a purity of 99.95%.





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OPERATIONAL DEVELOPMENTS

Sales and Marketing

AEM made significant progress in 2025 in building its sales pipeline and broadening its customer outreach:

- By the end of the year, the sales pipeline comprised 165 projects (117 in laboratory trials, 23 in industrial trials, and 12 in commercial relationships) representing a potential annual value of US$130 million from sales of 4,800 tpa of HPA on an un-risked basis at an average price of US$27.1/kg. Customers in Asia accounted for the majority of these projects (61% by number, 58% by volume);
- Through qualification processes and early-stage commercial sales, AEM sold $622,315 of HPA to customers, comprising 76% by volume 4N+ HPA with the balance predominantly 3N8 HPA;
- During the year AEM increased its Sales and Marketing team adding Business Development Managers for both Japan and China and a distributor for South Korea, Yee Young Ceramchem Ltd.; and
- AEM ran extensive online and offline marketing activities, including regular posts on LinkedIn (c. 1,300 followers) and distribution of two customer newsletters (one in English to c. 990 subscribers, the other in Japanese to c. 120 subscribers) and attending a total of 15 tradeshows across Asia, Europe and North America, exhibiting at booths at seven of them.



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Stage 1 Expansion

In May 2025, AEM achieved a significant milestone in the Stage 1 Expansion project when it completed the installation of a 50-metre-long tunnel kiln in a new purpose-built building, in so doing bringing the total production capacity of the Plant to 2,000 tpa of 4N+ HPA.

By the end of the year, just two main work items remained outstanding to complete the Stage 1 Expansion, comprising the installation and commissioning of:

- A 1,000 tpa dedicated 3N5 circuit, which is planned to enter operation in the middle of 2026 and will increase the Plant's overall production capacity to 3,000 tpa of HPA; and
- Additional milling, drying and other equipment in the Plant's final processing circuits. Installation of this equipment will be scheduled to match the emerging customer demand for specific finished products.

Stage 2 Expansion

AEM completed an in-house pre-feasibility study (PFS) for the Stage 2 Expansion in April 2025, which was subsequently subject to an independent third-party engineering review by WSP (global engineering consulting firm) with financial modelling verified by BDO. This work demonstrated the Stage 2 Expansion project to have a capital cost at 4Q2024 prices of C$298.8 million (± 30%) and robust economics.

Research and Development

The Technology Development Centre in Montreal continued to focus its R&D efforts during the year on improving its existing products and developing new products to serve its customers' needs better. Notable progress was made in developing:

- Products with improved morphology and nano-scale particle sizes – much of this learning had already been deployed at the Plant by the end of the year; and
- A modified process route for producing HPA with extremely low levels of uranium and thorium impurities – a type of material that is in strongly increasing demand for thermal fillers and thermal interface management (TIM) applications. Modifications to the Cap-Chat plant to permit commercial production of this "ultra-low alpha" HPA were in train at year's end.

CORPORATE DEVELOPMENTS

AEM successfully completed an Initial Public Offering during the year with trading commencing on the ASX on 24 December 2025. AEM raised approximately A$44.8 million (pre costs) at an offer price of 53c per share and commenced trading with a market capitalisation of approximately A$312 million and an enterprise value of approximately A$272 million.

Early in 2025, AEM incorporated a subsidiary in Japan signalling AEM's long-term commitment to building a strong presence in the Japanese market for HPA. By the year's end, AEM was close to finalising arrangements for establishing a warehouse in Chiba, Japan to act as AEM's distribution hub to customers in Japan, Korea, Taiwan and possibly, China.

In November 2025, prior to the IPO, AEM completed the process of divesting itself of all mining interests by completing the sale of AEM HPA (Australia) Pty. Ltd. to Cape York Kaolin Limited.

BUSINESS MODEL

AEM's business model is the production and sale of HPA products to customers in its key end-markets, including advanced electronics, synthetic sapphires, advanced ceramics and batteries. These customers seek a secure supply of high-quality HPA product tailored to their specific manufacturing requirements.

AEM aims to serve as a preferred supplier by producing highly customised HPA materials tailored to the technical requirements of each customer.

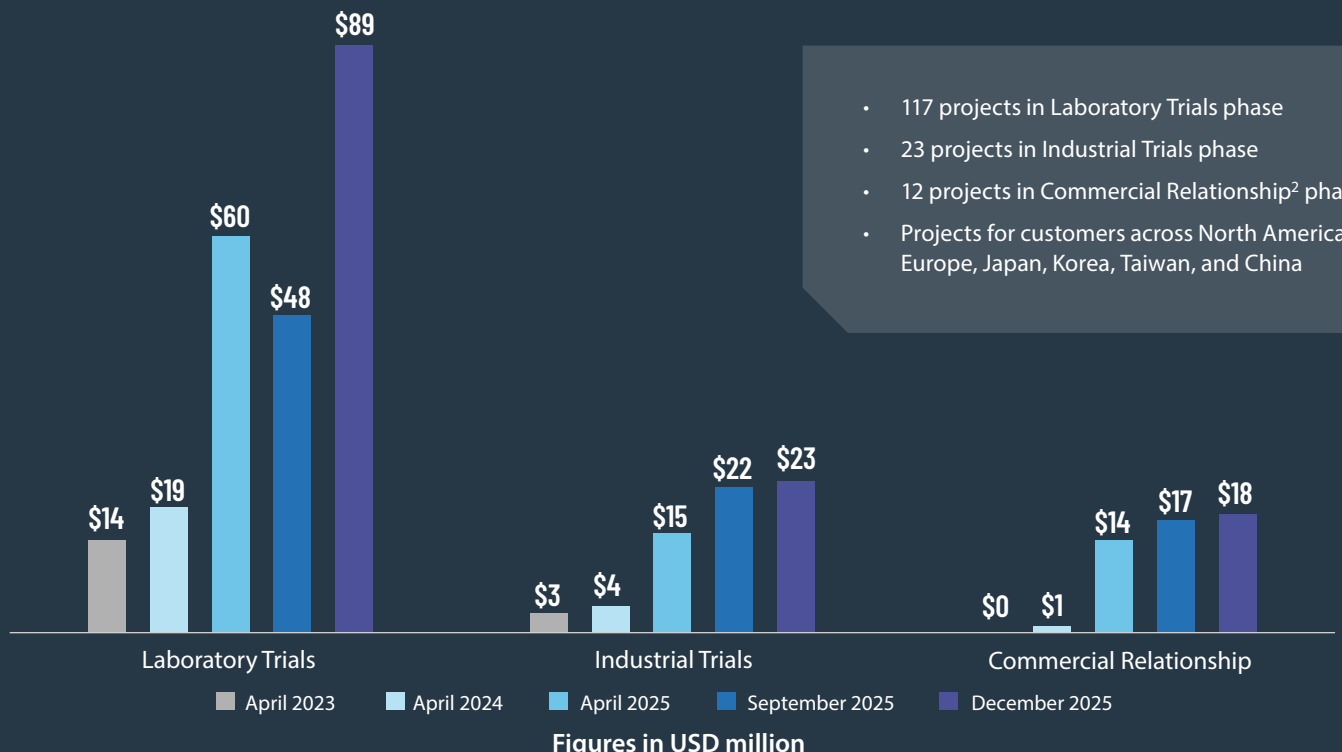
This involves direct collaboration between AEM and customers to first develop and qualify products prior to entering into commercial agreements.

Sales relationships of HPA suppliers with customers are typically long-term due to the qualification process requirement prior to supply. AEM employs a global sales network, comprising an in-house sales team and distributors, to sell its products across key global markets including North America, Europe and Asia.

~US$130m
in potential annual order value[1]

~US$27.1/kg
average price[1]

~4,800
tonnes per annum[1]



Figures in USD million

- 117 projects in Laboratory Trials phase
- 23 projects in Industrial Trials phase
- 12 projects in Commercial Relationship[2] phase
- Projects for customers across North America, Europe, Japan, Korea, Taiwan, and China

1. Un-risked basis comprising 3,242 t of 4N+ and 1,558 t of 3N5+ HPA.
2. Commercial Relationship phase post product qualification.

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HOW WE PRODUCE HIGH-PURITY ALUMINA

AEM produces HPA using a patented, low-carbon manufacturing process designed to deliver industry-leading performance, cost efficiency, and environmental outcomes.

AEM's proprietary Chloride Leach Crystallisation Purification (CLCP) manufacturing process, developed by AEM's chemists and engineers and deployed at the its production facility in Cap-Chat plant, represents a step-change in the manufacture of HPA.

PATENTED PROCESS, PROVEN AT SCALE

The CLCP process enables the efficient purification of aluminous feedstock into HPA of up to 5N purity. Unlike conventional HPA production routes, the process is highly flexible – capable of accepting a range of feedstocks and producing multiple product forms, including powders, slurries, and compressed pucks, to meet exacting customer specifications. This flexibility allows AEM to respond quickly to evolving market requirements across applications such as electronics and semiconductors, synthetic, sapphire, advanced ceramics, catalysis, and thermal fillers.





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LOW-COST, LOW-CARBON PRODUCTION

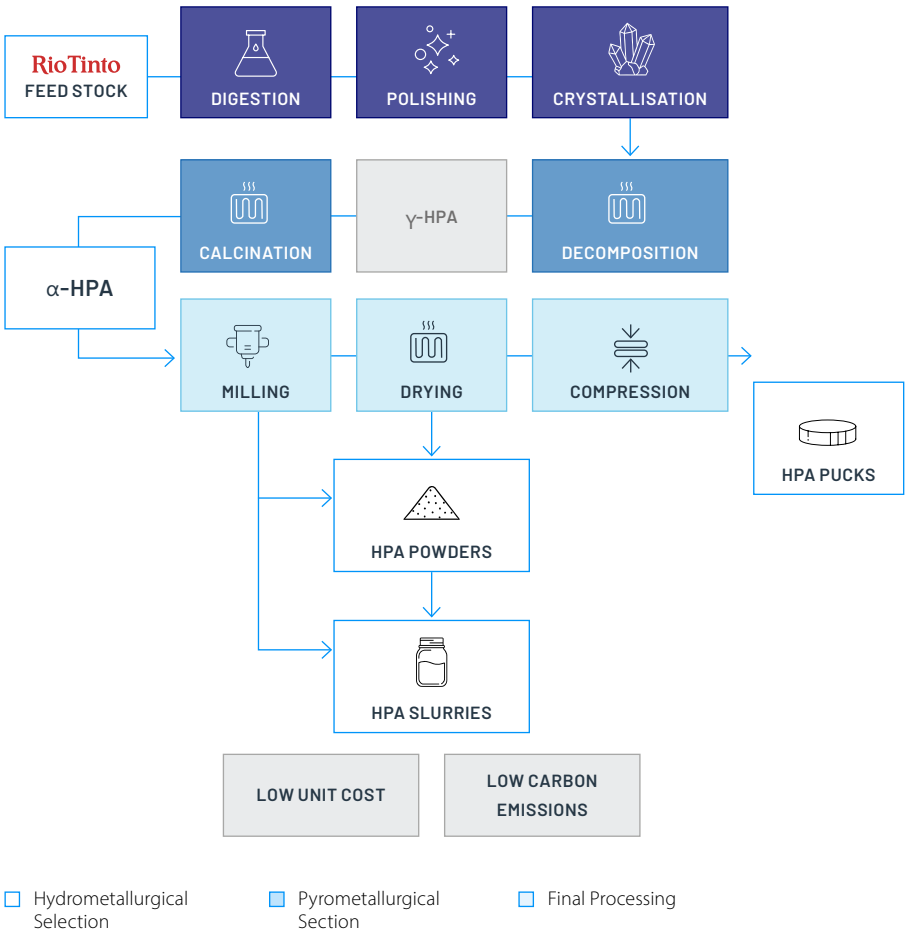
The Cap-Chat Plant is powered entirely by renewable hydroelectricity, delivering negligible Scope 1 and Scope 2 emissions and insulating production from fossil fuel price volatility. Combined with access to locally sourced feedstock from AEM's preferred supplier, Rio Tinto Alcan, the CLCP process delivers a structurally lower cost base.

At design capacity, AEM's production costs are forecast to sit in the bottom half of the global HPA cost curve, while generating near-zero waste and significantly reduced environmental impact compared to alternative production methods.

INTEGRATED ADVANTAGE

By combining proprietary process technology, renewable energy, and secure local feedstock, AEM has built a highly integrated production platform. This positions it as a differentiated and emerging leader in the global HPA market – delivering the purity, consistency, and sustainability increasingly demanded by customers, while supporting long-term, scalable growth.

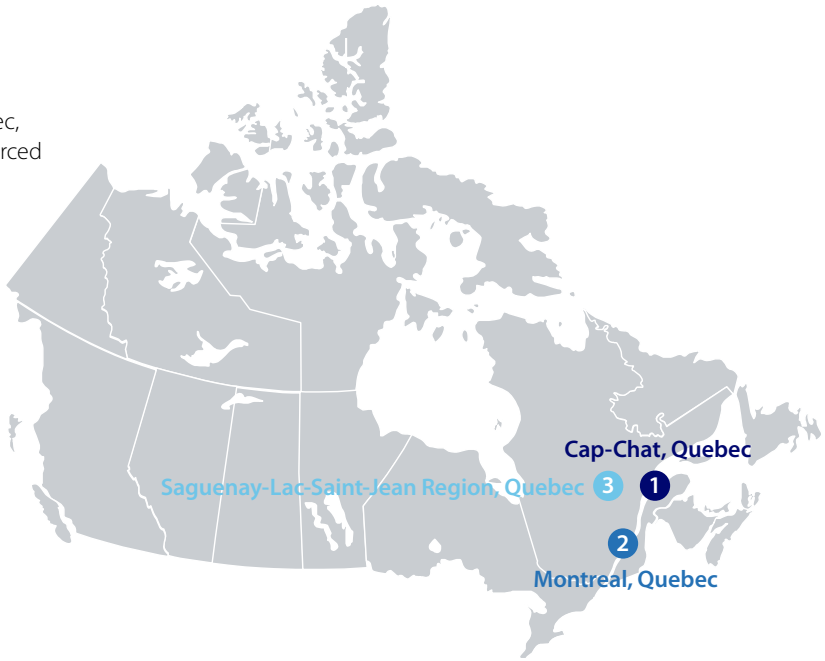
AEM's Patented Chloride Leach Crystallisation Purification Process (CLCP)



STRATEGICALLY LOCATED OPERATIONS

The Cap-Chat Plant is in the Canadian Province of Quebec, benefiting from a stable, advanced economy, locally sourced feedstock and low-cost renewable energy.

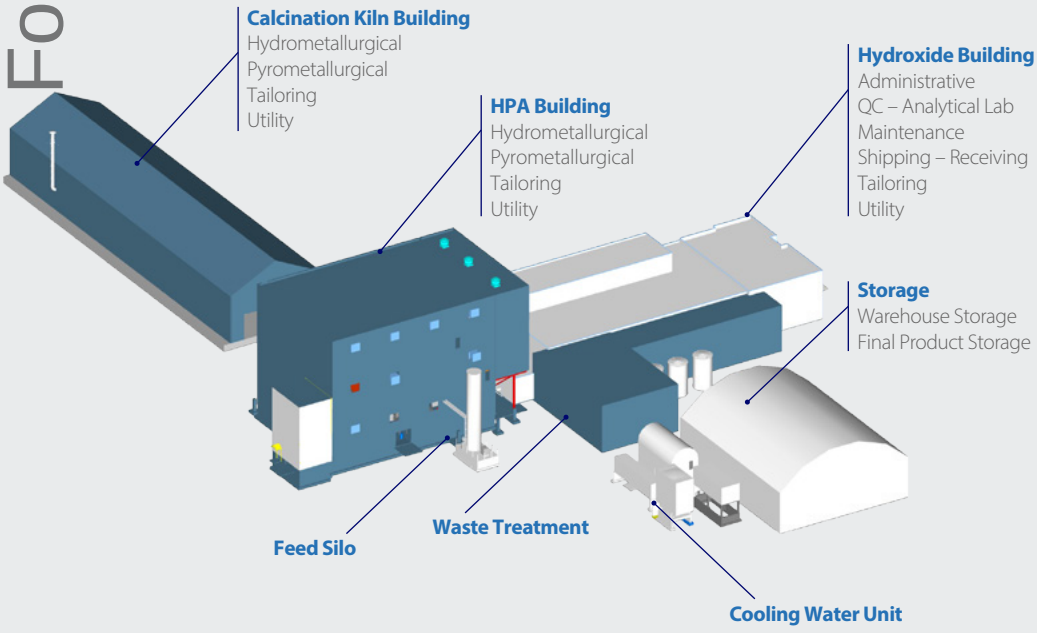




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CAP-CHAT PLANT PROJECT

As part of Stage 1, AEM has completed its Initial two-year capital works program to deliver a commercially sized operation with a current nameplate production capacity of 2,000 tpa.





THE MONTREAL TECHNOLOGY DEVELOPMENT CENTRE

The Montreal Technology Development Centre provides research and product development services that deliver further strategic and operational benefit to AEM.

Continued focus on innovation in production process

AEM's Montreal Technology Development Centre comprises:



State-of-the-art Laboratory

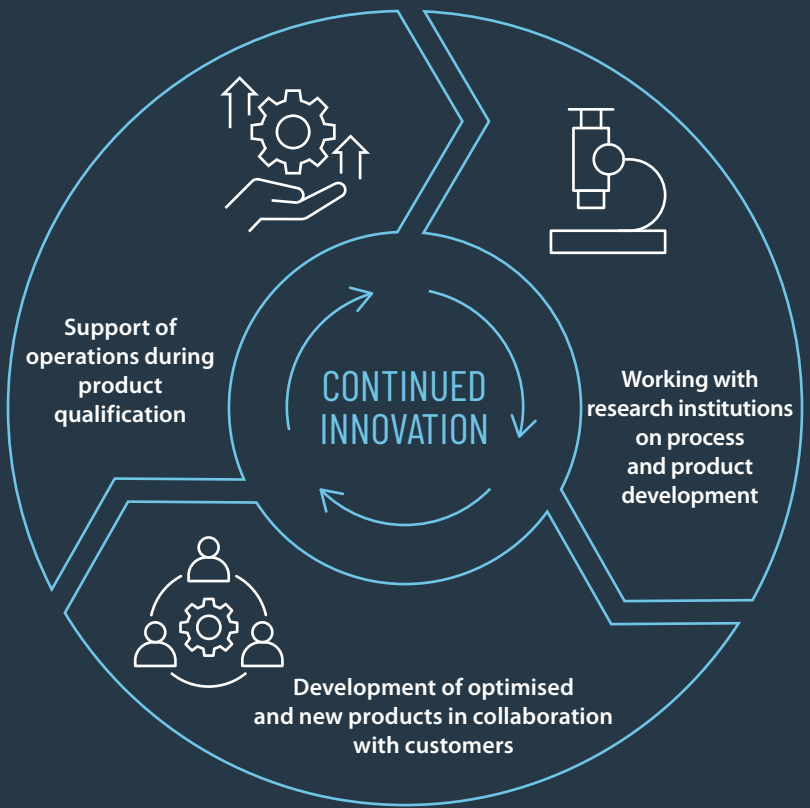


Advanced Analytical Equipment



Leading Research Scientists

Innovation process underpinned by customer collaboration



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GLOBAL DEMAND IN HPA END-MARKETS

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HPA IS LEVERAGED IN HIGH-GROWTH, PREMIUM END-MARKETS WITH ROBUST DEMAND FUNDAMENTALS



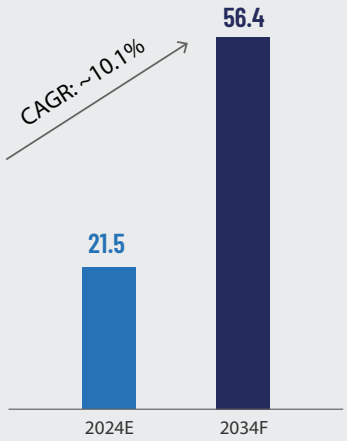
Synthetic Sapphire

Used to produce high-quality sapphire crystals and sapphire substrates with specific quality and physical requirements.

Examples:

- LED substrates
- Optical chips
- Watch faces
- Smartphone home buttons
- Camera cover plates

Total 4N / 4N+ HPA Demand (kt)





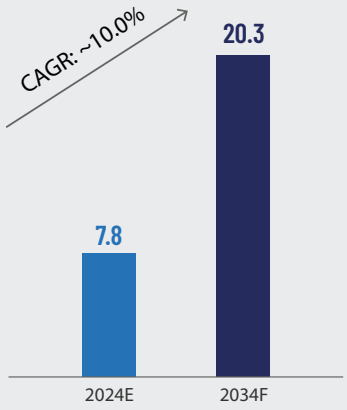
Electronics and Semiconductors

Used in semiconductor fabrication across multiple phases of the manufacturing process.

Examples:

- Chemical mechanical polishing
- Substrate manufacturing
- Thermal interface management
- Etching chambers and masks
- 5G components

Total 4N / 4N+ HPA Demand (kt)



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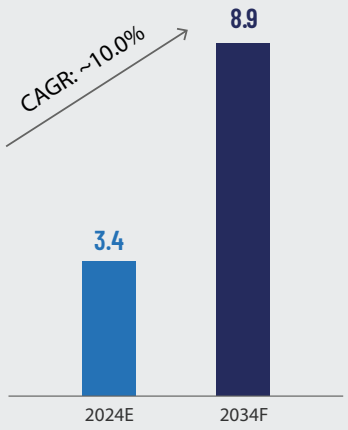
Batteries

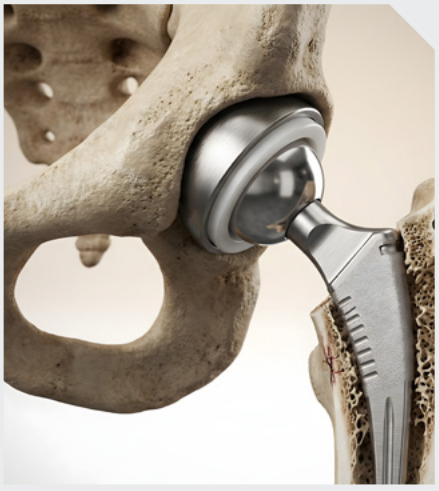
Used to produce cathode materials (coating & doping) and anode coating.

Examples:

- EV batteries
- Consumer electronics batteries
- Grid energy storage systems
- Emerging battery applications (solid-state and sodium-ion)

Total 4N / 4N+ HPA Demand (kt)





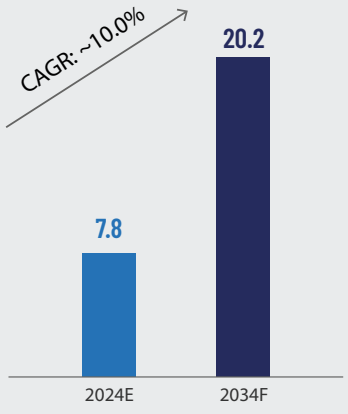
Other and Emerging Applications

Industrial roles where chemical resistance, thermal stability and hardness are crucial.

Examples:

- LEDs
- Transparent ceramics
- Medical ceramics
- Polishes and coatings

Total 4N / 4N+ HPA Demand (kt)



BOARD OF DIRECTORS





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Richard Seville

Executive Chairman (since January 2022)

BSc(Hons) Mining Geology,
MEngSc Rock Engineering

Mr Seville has a highly successful track record in the junior to mid-cap resources space with over 25 years as Managing Director or Executive Director of various ASX, TSX or AIM listed companies.

His experience includes 12 years as MD/CEO of lithium producer Allkem Limited (ASX:AKE) (formerly Orocobre Limited) which he took from IPO in 2007 to being, at the time of his retirement in 2019, a significant, and expanding, producer of lithium chemicals and part of the battery supply chain.

Michael Adams

CEO and Managing Director (since June 2021)

BA (Cantab), MEng (Cantab),
MBA (INSEAD)

Mr Adams has been involved with AEM since 2019 when the Company engaged him as a consultant to assist with its acquisition of the assets of Orbite Technologies Inc. He joined the Board of Directors in January 2021, became a full-time employee in May 2021 and was appointed CEO and Managing Director in June 2021.

A professionally qualified chartered engineer with over 40 years of experience, his career has been spent predominantly in the development, financing and implementation of major infrastructure and industrial projects for companies such as Trafalgar House plc, Kvaerner AS, and Gammon Construction Limited. He began his career as an engineering consultant with Mott, Hay and Anderson (now Mott Macdonald).

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Richard Evans

Non Executive Director, Member of Audit & Risk Committee

NC Elec Eng, Hon DSc (Cranfield),
Hon DTech (Loughborough), FRAeS

In 1960, Mr Evans joined the Ministry of Transport and Civil Aviation and, shortly afterwards, moved into the then newly-formed Ministry of Technology. In 1964 he joined the Ferranti Electronics Company. In 1969, Richard joined the Military Aircraft Division of British Aircraft Corporation (BAC) at Warton, Lancashire and continued his career within BAE Systems Plc (LSE:BA), one of the UK's largest engineering and manufacturing companies, in various roles through to Chief Executive (1990) and Chairman (1998), retiring in 2004.

Building off his roots in engineering and manufacturing, Richard has decades of high level executive experience, deep international contacts and great skill in government affairs and has closed numerous M&A deals in the course of his career. In 1997, joined the Board of United Utilities plc (LSE:UU) as a Non-Executive Director, he was appointed Chairman on 1 January 2001 and retired from the Board in July 2008. In 1998, he was appointed a Non-Executive Director of NatWest Bank plc (LSE:NWG) resigning from that Board in February 2000.

In 2006, Richard was appointed Chairman of Samruk Holdings, a Joint Stock Company, owned by the Government of Kazakhstan and having relinquished that appointment he became an Independent Director of SWF Samruk-Kazyna JSC from which he resigned in December 2019. He was awarded the CBE in the Queen's Birthday Honours for "Services to Export" in 1986 and was knighted in the 1996 Queen's Birthday Honours. Involved in AEM's HPA business as a member of the joint venture company boards since purchase of the assets in 2020 and became a Director of AEM in May 2024.

Steven Petersohn

Non Executive Director

BA (Stanford)

Mr Petersohn has been an international financial executive and entrepreneur based in Hong Kong for the past 32 years. He opened and ran Jefferies & Co's first office in Hong Kong and spent 10 years with Morgan Stanley Asia in various capacities. Steven has been a founder or key person in several start-ups.

He managed a special situations fund, started a private equity business and is on the Board of Trans-China Automotive (SGX:V12), a Singapore-listed company doing business in China. Prior to his career in investment banking and fund management, Steven built sales and distribution networks for a U.S. based international trading company and co-founded a trade finance business.

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Nassif Obeid

Non Executive Director

BSc Eng (Civil) (Colorado School of Mines), MSc Structural Eng & Construction Mgmt (Newcastle)

Mr Obeid has been involved in AEM's business since purchase of the HPA business in 2020 as a member of the joint venture company boards and became a Director of AEM in May 2024, and has had a close involvement in developing AEM's business plans for the Cap-Chat Plant. Moderne Charles & Nassif Obeid (Est. 1956) in Site Works and Project Development until 1992. From 1999 to 2002, Nassif worked as a Site Engineer at Construction Moderne Charles & Nassif Obeid.

Since 2003, Nassif has been the Managing Director at Construction Moderne Charles & Nassif Obeid, as well as the Managing Partner at Amarat General Contractors. Since 2014, Nassif has been the Managing Director at Truss Holding and, from 2020 to 2024, the Managing Director of ViVent Initiative Ltd. Also been a Partner at Brands for Less (2000-2006), Brands for Bargains (2014-2018).



Timothy Fletcher

Non Executive Director

BSc (Birmingham)

Mr Fletcher's expertise is in overseeing commercial property development both in the UK, Mexico, Hong Kong and China. Tim has worked as a manager at Estratur Ltd (1991-1994), THGP Ltd (1994-1996), ADL Limited (1996-2001) and Artemis Resources Ltd & Apollo Minerals Ltd (2006-2007). Whilst at Artemis and Apollo he worked within a team developing a uranium project in Niger and iron ore project in Australia. Tim is currently a Director at FF Financial Services Ltd, which was involved in raising US$50 million of funding for Zhuhai Southern Software Park for Zhuhai Southern Software Park Development Co Ltd in 2001-2002, identifying wind turbine technologies for acquisition by Chinese companies in 2002-2003, the restructuring and relisting of Kaefer Technologies Limited on Australian Stock Exchange in 2004-2005. He is currently a Director for THCJ Limited, which holds a significant infrastructure asset in Indonesia.

Tim has been a director of Advanced Energy Minerals since 2012. He was heavily involved in developing the Kendall River Kaolin Project as an HPA project, which led to the acquisition of the Canadian HPA assets held by Orbite Technologies Inc. in 2020.

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Leanne Heywood

Non Executive Director,
Chair Audit & Risk Committee

OAM, MBA, B.Bus (Acc), FCPA, GAICD

Ms Heywood is an experienced non-executive director, audit and risk committee, and people and remuneration committee chair, with broad general management experience gained through an international career in the mining sector, including 10 years with the Rio Tinto Copper Group. Experience includes strategic marketing, business finance and compliance and she has led organisational restructures, mergers, acquisitions and disposals at both the executive and board level.

Additionally, she has significant experience in complex cross-cultural negotiations and stakeholder relationship management, including governments and investment partners and leadership expertise in China, Japan, Mongolia, Singapore and South America.



Anthony Giammaria

Non Executive Director,
Chair People and Remuneration Committee

LLB (Sherbrooke)

Mr Giammaria has over 20 years commercial and corporate law experience focused on corporate finance, restructuring and securities, advising microcap and mid-sized companies. Has a large network and is well placed to assist the company in Canada. In his early practice, was employed by a boutique law firm specialized in corporate and commercial law. In 2009, he founded AG Avocat Conseil Inc., a boutique law firm specializing in corporate and commercial law with a focus on start-up companies obtaining their first-round financing and listing on the Canadian Security Exchange and the TSX Venture Exchange.

Has a deep understanding of Canada's legal landscape and has advised AEM since 2022, playing a key role in the restructuring of the group in preparation for IPO. Has been involved in AEM's HPA business as a member of the joint venture company boards since 2023 and became a Director of AEM in May 2024.

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DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as "the Group") consisting of Advanced Energy Minerals Limited ("AEM"), referred to hereafter as the "Company" or "parent entity") and the entities it controlled at the end of, or during, the year ended 31 December 2025.

Directors

The names and details of the Group's directors in office during the year ended 31 December 2025 and until the date of this report are as follows. The Directors have been in office since the start of the financial year unless otherwise stated.

Current directors

Richard Seville	Executive Chairperson
Michael Adams	Managing Director and Chief Executive Officer
Timothy Fletcher	Non-Executive Director
Steven Petersohn	Non-Executive Director
Richard Evans	Non-Executive Director
Nassif Obeid	Non-Executive Director
Anthony Giammaria	Non-Executive Director
Leanne Heywood	Non-Executive Director (Appointed 22 August 2025)

Principal activities

AEM's principal activities are:

Advanced Energy Minerals Inc (100%) *(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.

Following the Company restructuring on 1 January 2023, ACG and AET were transferred to AEM Inc. which AEM Ltd now has full control following the restructure on 6 May 2024 when AEM Ltd acquired the remaining 40% interest previously held by ViVent Initiatives. Accordingly, the Company determined there had been a regaining of control and AEM Inc. is therefore fully consolidated in the accounts of AEM Ltd from the date of control (6 May 2024) for the year ended 31 December 2024. ACG and AET are part of the consolidated group in this financial year.

AEM Japan G.K (100%)

AEM Japan G.K is a sales entity in Japan for the AEM group. During the year the Company set up a subsidiary in Japan to assist in the sales process given the current and expected future demand from Japanese customers. Two employee's were also hired in Japan. This entity is purely a sales arm of the business.

Dividends

There were no cash dividends paid or recommended during the year ended 31 December 2025 (2024: No dividends were paid or recommended).

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DIRECTORS' REPORT CONTINUED

Corporate Governance Statement

The Board is committed to maintaining standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practises against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The 2025 Corporate Governance Statement is dated as 24 November 2025 and reflects the corporate governance practises throughout the 2025 financial year. The 2025 Corporate Governance Statement was approved by the Board on 24 November 2025. A description of the Company's current corporate governance practises is set out in the Company's Corporate Governance Statement which can be viewed at https://aemhpa.com/investors/corporate-governance/

Information on Directors

The names and details of the Group's directors in office during the year ended 31 December 2025 and until the date of this report are as follows:

Name:	Richard Seville
Title:	Executive Chairman
Qualifications:	Bachelor of Science with Honours in Mining Geology and a Master of Engineering Science in Rock Engineering.
Experience and expertise:	Executive Chairman of AEM since January 2022. Highly successful track record in the junior to mid-cap resources space with over 25 years as Managing Director or Executive Director of various ASX, TSX or AIM listed companies. Includes 12 years as MD/CEO of lithium producer Allkem Limited (ASX:AKE) (formerly Orocobre Limited) which he took from IPO in 2007 to being, at the time of his retirement in 2019, a significant, and expanding, producer of lithium chemicals and part of the battery supply chain.
Other current directorships:	None
Former directorships (last three years):	Non-executive director of Allkem Limited (ASX:AKE) at the time of its merger with Livent Corporation to create Arcadium Lithium PLC, now taken over by Rio Tinto Ltd. He was also a Non-Executive Director of Oz Minerals Limited (ASX:OZL) from 2019 until its takeover by BHP in 2023, and Chairperson of potash developer Agrimin Ltd (ASX:AMN) from 2019 to 2024 Non-Executive Chairman of Agrimin.
Special responsibilities:	Executive Chairman
Interests in shares:	69,074,906
Interests in options:	Nil
Interest in Deferred Share Units:	1,530,314
Interest in Performance Rights:	3,256,716
Contractual rights to shares:	Nil

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DIRECTORS' REPORT CONTINUED

Name:	Michael Adams
Title:	CEO and Managing Director
Qualifications:	Bachelor's and Master's degrees in engineering from Churchill College, Cambridge University and an MBA from INSEAD.
Experience and expertise:	Involved with AEM since 2019 when the Company engaged him as a consultant to assist with its acquisition of the assets of Orbite Technologies Inc. He joined the Board of Directors in January 2021, became a full-time employee in May 2021 and was appointed CEO and Managing Director in June 2021. He is based in Montreal. A professionally qualified chartered engineer with over 40 years of experience, his career has been spent predominantly in the development, financing and implementation of major infrastructure and industrial projects for companies such as Trafalgar House plc, Kvaerner AS, and Gammon Construction Limited. He began his career as an engineering consultant with Mott, Hay and Anderson (now Mott Macdonald).
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	CEO
Interests in shares:	3,488,935
Interests in options:	Nil
Interest in Performance Rights	3,256,716
Interest in Deferred Share Units	Nil
Contractual rights to shares:	Nil

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DIRECTORS' REPORT CONTINUED

Name:	Richard Evans
Title:	Non-Executive Director
Qualifications:	National Certificate in Electrical Engineering from Oldham Polytechnic College. In 1975 he attended the Oxford University Business Summer School. Holds an Honorary Doctorate of Science at Cranfield University and an Honorary Doctorate of Technology and Loughborough University of Technology. He is also a Fellow of the Royal Aeronautical Society.
Experience and expertise:	In 1960, he joined the Ministry of Transport and Civil Aviation and, shortly afterwards, moved into the then newly-formed Ministry of Technology. In 1964 he joined the Ferranti Electronics Company. In 1969, Richard joined the Military Aircraft Division of British Aircraft Corporation (**BAC**) at Warton, Lancashire and continued his career within BAE Systems Plc (LSE:BA), one of the UK's largest engineering and manufacturing companies, in various roles through to Chief Executive (1990) and Chairman (1998), retiring in 2004. Building off his roots in engineering and manufacturing, Richard has decades of high level executive experience, deep international contacts and great skill in government affairs and has closed numerous M&A deals in the course of his career. In 1997, joined the Board of United Utilities plc (LSE:UU) as a Non-Executive Director, he was appointed Chairman in January 2001 and retired from the Board in July 2008. In 1998, he was appointed a Non-Executive Director of NatWest Bank plc (LSE:NWG) resigning from that Board in February 2000. In 2006, Richard was appointed Chairman of Samruk Holdings, a Joint Stock Company, owned by the Government of Kazakhstan and having relinquished that appointment he became an Independent Director of SWF Samruk-Kazyna JSC from which he resigned in December 2019. Richard was awarded the CBE in the Queen's Birthday Honours for "Services to Export" in 1986 and was knighted in the 1996 Queen's Birthday Honours. Involved in AEM's HPA business as a member of the joint venture company boards since purchase of the assets in 2020 and became a Director of AEM in May 2024.
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	Member of Audit and Risk Committee, Member of People, Remuneration and Nomination Committee
Interests in shares:	25,470,670
Interests in options:	Nil
Interests in Deferred Share Units:	276,682
Interest in Performance Rights:	Nil
Contractual rights to shares:	Nil

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DIRECTORS' REPORT CONTINUED

Name:	Steven Petersohn
Title:	Non-Executive Director
Qualifications:	B.A. Stanford University in California.
Experience and expertise:	International financial executive and entrepreneur based in Hong Kong for the past 32 years. He opened and ran Jefferies & Co's first office in Hong Kong and spent ten years with Morgan Stanley Asia in various capacities. Steven has been a founder or key person in several start-ups. He managed a special situations fund, started a private equity business and is on the Board of Trans-China Automotive (SGX:V12), a Singapore-listed company doing business in China. Prior to his career in investment banking and fund management, Steven built sales and distribution networks for a U.S. based international trading company and co-founded a trade finance business.
Other current directorships:	Trans-China Automotive (SGX:V12) since September 2021
Former directorships (last three years):	None
Special responsibilities:	Lead Independent Director
Interests in shares:	14,485,944
Interests in options:	Nil
Interest in Deferred Share Units:	99,415
Interest in Performance Rights:	Nil
Contractual rights to shares:	Nil

Name:	Nassif Obeid
Title:	Non-Executive Director
Qualifications:	Bachelor of Science, majoring in Engineering and Civil Specialty, from the Colorado School of Mines and a Master of Science, majoring in Structural Engineering & Construction Management, from the University of Newcastle Upon Tyne. Mr Nassif Obeid is fluent in English, French and Arabic.
Experience and expertise:	He has been involved in AEM's business since purchase of the HPA business in 2020 as a member of the joint venture company boards and became a Director of AEM in May 2024, and has had a close involvement in developing AEM's business plans for the Cap-Chat Plant. Nassif began his career in 1989 working at Construction Moderne Charles & Nassif Obeid (Est. 1956) in Site Works and Project Development until 1992. From 1999 to 2002, Nassif worked as a Site Engineer at Construction Moderne Charles & Nassif Obeid. Since 2003, Nassif has been the Managing Director at Construction Moderne Charles & Nassif Obeid, as well as the Managing Partner at Amarat General Contractors. Since 2014, Nassif has been the Managing Director at Truss Holding and, from 2020 to 2024, the Managing Director of ViVent Initiative Ltd. Also been a Partner at Brands for Less (2000-2006), Brands for Bargains (2014-2018).
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	Member of Audit and Risk Committee, Member of People, Remuneration and Nomination Committee
Interests in shares:	14,949,337
Interests in options:	Nil
Interest in Deferred Share Units:	276,682
Interest in Performance Rights:	Nil
Contractual rights to shares:	Nil

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DIRECTORS' REPORT CONTINUED

Name:	Timothy Fletcher
Title:	Non-Executive Director
Qualifications:	Bachelor of Science from Birmingham University
Experience and expertise:	Tim Fletcher's expertise is in overseeing commercial property development both in the UK, Mexico, Hong Kong and China. Tim has worked as a manager at Estratur Ltd (1991-1994), THGP Ltd (1994-1996), ADL Limited (1996-2001) and Artemis Resources Ltd & Apollo Minerals Ltd (2006-2007). Whilst at Artemis and Apollo he worked within a team developing a uranium project in Niger and iron ore project in Australia. Tim is currently a Director at FF Financial Services Ltd, which was involved in raising US$50 million of funding for Zhuhai Southern Software Park for Zhuhai Southern Software Park Development Co Ltd in 2001-2002, identifying wind turbine technologies for acquisition by Chinese companies in 2002-2003, the restructuring and relisting of Kaefer Technologies Limited on Australian Stock Exchange in 2004-2005. He is currently a Director for THCJ Limited, which holds a significant infrastructure asset in Indonesia. Tim has been a director of Advanced Energy Minerals since 2012. He was heavily involved in developing the Kendall River Kaolin Project as an HPA project, which led to the acquisition of the Canadian HPA assets held by Orbite Technologies Inc. in 2020.
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	Alternate Member of Audit and Risk Committee, Alternate Member of People, Remuneration and Nomination Committee
Interests in shares:	58,558,506
Interests in options:	Nil
Interest in Deferred Share Units:	62,866
Interest in Performance Rights:	Nil
Contractual rights to shares:	Nil

Name:	Leanne Heywood
Title:	Non-Executive Director
Qualifications:	OAM, MBA, Bachelor of Business (Accounting), FCPA, GAICD
Experience and expertise:	Experienced non-executive director, audit and risk committee, and people and remuneration committee chair, with broad general management experience gained through an international career in the mining sector, including 10 years with the Rio Tinto Copper Group. Experience includes strategic marketing, business finance and compliance and she has led organisational restructures, mergers, acquisitions and disposals at both the executive and board level. Additionally, she has significant experience in complex cross-cultural negotiations and stakeholder relationship management, including governments and investment partners and leadership expertise in China, Japan, Mongolia, Singapore and South America.
Other current directorships:	Non-executive director and Chair of the Audit Risk Committee of Lotus Resources (ASX:LOT), Non-executive director and Chair of the Audit and Risk Committee of Deterra Royalties (ASX:DRR) and is a director of Snowy Hydro Limited and Denison Gas Limited.
Former directorships (last three years):	Non-executive director of MAC Copper Limited (ASX: MAC; NYSE:MTAL),Director of Arcadium Lithium PLC (NYSE:LTHM) from 2024 to 2025, Allkem (ASX:AKE) from 2021 to 2024; Midway Ltd (ASX: MWY) from 2019 to 2025, Quickstep Holdings Limited (ASX:QHL) from 2019 to 2024 and Symbio Holdings Limited (ASX:SYM) from 2022 to 2024.
Special responsibilities:	Chair of Audit and Risk Committee
Interests in shares:	Nil
Interests in options:	Nil
Interest in Deferred Share Units:	26,316
Interest in Performance Rights:	Nil
Contractual rights to shares:	Nil

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DIRECTORS' REPORT CONTINUED

Name:	Anthony Giammaria
Title:	Non-Executive Director
Qualifications:	Law degree from the University of Sherbrooke Canada and has been a member of the Quebec Bar Since 2001. Fluent in French, English and Italian.
Experience and expertise:	Based in Montreal, Quebec, Canada, over 20 years commercial and corporate law experience focused on corporate finance, restructuring and securities, advising microcap and mid-sized companies. Has a large network and is well placed to assist the Company in Canada. In his early practice, was employed by a boutique law firm specialized in corporate and commercial law. In 2009, he founded AG Avocat Conseil Inc., a boutique law firm specializing in corporate and commercial law with a focus on start-up companies obtaining their first-round financing and listing on the Canadian Security Exchange and the TSX Venture Exchange. Has a deep understanding of Canada's legal landscape and has advised AEM since 2022, playing a key role in the restructuring of the group in preparation for IPO. Has been involved in AEM's HPA business as a member of the joint venture company boards since 2023 and became a Director of AEM in May 2024.
Other current directorships:	None
Former directorships (last three years):	None
Special responsibilities:	Chair of People, Remuneration and Nomination Committee
Interests in shares:	120,000
Interests in options:	Nil
Interest in Deferred Share Units:	Nil
Interest in Performance Rights:	Nil
Contractual rights to shares:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last three years)' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Chief Financial Officer and Company secretary

Alexis Clark has held the role of Chief Financial Officer and Company Secretary since June 2024. Over 20 years international finance experience. Previously a Co-Founder/CEO of an ASX listed Energy company and finance professional with significant experience in a number of leading companies. With strong leadership and industry experience in financial markets, financial modelling, and transactional experience. B.Com, B Ec University of Adelaide, CA, CFA.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2025, and the number of meetings attended by each director were:

	DIRECTORS' MEETINGS	
DIRECTOR	**ELIGIBLE TO ATTEND**	**ATTENDED**
Richard Seville	7	7
Michael Adams	7	7
Tim Fletcher	7	7
Steven Petersohn	7	7
Leanne Heywood	2	2
Richard Evans	7	7
Nassif Obeid	7	7
Anthony Giammaria	7	7

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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DIRECTORS' REPORT CONTINUED

The Directors considered given the size and complexity of the Company's operations in 2025, it is in the best interest of the Company for audit and remuneration matters to be directly considered and decided by the Board of Directors as a result no Board Committee's were in place during the year as an unlisted company. Audit and Risk Committee's and Nomination and Remuneration Committee's are now in place for 2026.

Directors' Interests

The following table provides the total ordinary shares held by each Director as at the date of this report:

DIRECTOR	DIRECTLY HELD	INDIRECTLY HELD
Richard Seville	–	69,074,906
Michael Adams	–	3,488,935
Nassif Obeid	14,949,337	–
Richard Evans	25,470,670	–
Steven Petersohn	7,251,488	7,234,456
Leanne Heywood	–	–
Timothy Fletcher	3,714,205	54,844,301
Anthony Giammaria	120,000	–
Total	**51,505,700**	**134,642,598**

The following table provides the total Options, Performance Rights and Deferred Share Unit's held by each Director as at the date of this report:

	PERFORMANCE RIGHTS		DEFERRED SHARE UNITS	
DIRECTOR	DIRECTLY HELD	INDIRECTLY HELD	DIRECTLY HELD	INDIRECTLY HELD
Richard Seville	–	3,256,716	–	1,530,214
Michael Adams	–	3,256,716	–	–
Nassif Obeid	–	–	276,682	–
Richard Evans	–	–	276,682	–
Steven Petersohn	–	–	99,415	–
Leanne Heywood	–	–	26,316	–
Timothy Fletcher	–	–	62,866	–
Anthony Giammaria	–	–	–	–

Unissued Share's under Option

At the date of this report, unissued ordinary shares of the Company under option are:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
18-Dec-25	18-Dec-28	0.69	4,224,010

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DIRECTORS' REPORT CONTINUED

Performance Rights and Deferred Share's on Issue

At the date of this report, the number of Performance Rights and Deferred Share's of the Company on issue are:

INSTRUMENT	NUMBER	BASIS	VESTING
Loyalty Rights	3,075,000	Service-Based	31 March 2027
2024 Performance Rights	11,215,885	Performance-Based	Subject to Total Shareholder Return vest after 30 April 2027
2025 Performance Rights	3,148,959	Performance-Based	Subject to Total Shareholder Return vest after 30 April 2028
Deferred Share Units	2,272,175	Vested	Vested

Business Risk Disclosures

RISK	DESCRIPTION
Product Qualification Process Risk	The products AEM produces need to meet the requirements of customers in the form of purity, particle size and morphology and this is assessed through a qualification process which can commonly take two years. The qualification process has inherent risks such as: a) timing of the qualification process as the process is driven by the customers, b) product suitability as the company's product may not suit the customer's requirements, and c) process complexity as the Company is managing many qualification processes in parallel. Each of these risks has the potential to delay sales ramp up and revenue.
Meeting Product Quality Requirements	The products AEM produces at the Cap-Chat Plant must consistently achieve specified levels of purity and other physical characteristics to meet customer requirements. There is risk that, due in particular to the Company being a new commercial scale producer with developing systems, there could be issues with maintaining consistent quality control.
Production Ramp Up Risk	The Cap-Chat Plant has been operating over recent years at a sub-commercial scale. As a result of the 2023 to 2025 capital works programme the production capacity has been increased to a commercial scale, and the production rate will rise to supply orders. Although the 2023 to 2025 capital works programme had the benefit of operations in its design, the production ramp up will be subject to the usual risks associated with ramp up including, but not limited to, equipment commissioning risks, the development of operating "know how", and operating efficiency.
Production Rate Risk	The Cap-Chat Plant operates a multi-stage batch process to manufacture HPA in many product forms to meet different customer requirements. The inherent complexity in producing a wide range of products creates a risk to the efficient utilisation of the plant's nameplate productive capacity. However, this risk is offset by the different production stages being batch based and independent of each other, which gives the plant considerable flexibility in its operational capabilities.
Failure to Attract New Customers	The success of the AEM's business relies on its ability to attract new customers. The capacity to attract new customers will be dependent on many factors including the technical attributes and performance of the Company's products, the performance of the sales and marketing function, and the overall value proposition provided by the Company.
Stage 2 Expansion Development	The undertaking of the Stage 2 Expansion and its timing is dependent on the Company making a FID which would need to be informed by a positive Feasibility Study, strong continued HPA market dynamics, procurement of debt finance or other acceptable financing plan, and a positive production and sales ramp up of the Stage 1 Expansion.
Management and Key Personnel Risk	The Company's business and future success depends heavily on the continued services of a small group of executive management and other key personnel. If one or more of the Company's management or key personnel were unable to (or unwilling to) continue in their present positions, the Company might not be able to replace them easily or at all. As a result, the Company's business may be severely disrupted, materially adversely affecting its financial condition and operational results. The Company may also incur additional expenses to recruit, train and retain new or existing personnel.

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DIRECTORS' REPORT CONTINUED

RISK	DESCRIPTION
Operating Personnel Availability Risk	Due to its remote area, it may be difficult to attract and maintain a skilled workforce. The inability to do so may negatively impact production rate, production unit costs, production efficiency and product quality measures.
Manpower Requirement Risk	As the Cap-Chat plant uses a multi-stage batch process and produces a wide range of products there is a risk that operating cost may be higher than current estimates due the need for additional labour.
Competition	The Company participates in the developing HPA market. There are a range of other technologies currently available and in development which offer potential alternatives, in some of the products the Company produces. It is conceivable, that in the future the market may be entered by globally focused competitors with significantly more access to capital and resources. Should any of the Company's competitors participate more aggressively on price, product, innovation or other means this could have a material adverse impact on the Company's business.
Market Growth	Although there has been strong growth in HPA demand over the past decade and double-digit growth is forecast over the coming decade, there is a risk that the anticipated growth rate is less than forecast. Such an outcome may negatively impact the Company's business and expansion plans.
Limited History	The Company has limited operating history. This has potential negative impacts in terms of customer engagement, access to capital and operating efficiencies, all of which could negatively impact the Company's prospects.
Product Pricing and Exchange Rate	The Company is exposed to the risks of product price volatility and exchange rate fluctuations increasing the Company's costs.
Input Costs	The price of the inputs used to produce the Company's products are determined by external markets which are outside the Company's control, making it susceptible to adverse price movements which could impact operational profitability.
Materials Handling	The Company's business involves the controlled use of chemicals and, therefore, is subject to environmental and health and safety laws and regulations. There is a risk that the Company will not comply with these laws and regulations, or, despite its compliance, will nonetheless be exposed to industrial incidents relating to potentially hazardous materials. Such incidents may result in liability for contamination, compensation to individuals exposed to harm and remediation for damage caused. The Company may also be liable for fines imposed under applicable laws and regulations.
Workplace Health and Safety	The Company strives to conduct its activities to the highest standard of workplace health and safety. Workplace health and safety, whilst always a risk, is at the forefront of operational focus to ensure it remains a top priority in all aspects of the business. If there is any failure to comply with workplace health and safety obligations, this may result in claims, penalties, compensation claims against the Company and/or reputational damage.
Intellectual Property	The Company's ability to leverage its innovations and know-how is contingent on its capacity to protect its intellectual property and associated improvements and developments. The Company may be required to incur significant expenses in establishing, protecting, and monitoring its intellectual property rights, including by engaging in litigation to enforce or vindicate its rights. Unauthorised use of the Company's intellectual property by third parties, including potential or actual competitors of the Company, may have adverse effect on the Company.

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DIRECTORS' REPORT CONTINUED

RISK	DESCRIPTION
Key Suppliers	The Company has one key supply material, its aluminous feedstock from which it produces HPA. Currently, it purchases this aluminous feedstock from Rio Tinto Alcan on an as required basis and intends to conclude a long-term supply contract as demand for the supply increases. In the event the Company cannot finalise a supply contract on suitable terms the Company will purchase alternative aluminous feedstock from other aluminium producers in Quebec or elsewhere. Electrical energy, which is supplied to the Cap-Chat Plant by Hydro-Québec via its public transmission and distribution grid, is another key input to the Company's manufacturing process. Hydro-Québec has been authorized by Québec's Minister of Economy, Innovation and Energy to supply the Company as a "Large Power" customer (i.e., a customer with a power demand exceeding 5MW), and the Company and Hydro-Québec are due to finalise the terms of supply for Stage 1 before the end of 2025 (meanwhile there is sufficient power supplied to the Plant by Hydro-Québec to support the ongoing ramp-up). The Company has also discussed its future power needs for Stage 2 with Hydro-Québec, which has indicated that it will be able to make this power available, subject to agreeing terms for its supply. As a Large Power customer, the Company will pay Hydro-Québec's published Large Power tariff for its electricity. Hydro-Québec's electricity price index has historically tracked closely with the general Consumer Price Index. The electrical grid is very robust and while there is a risk of power outages during winter storm periods. The risk of prolonged outages is low.
Permitting	The Cap-Chat Plant was designed by Orbite with a production capacity of 1,000 tpa HPA and the Plant was originally permitted to operate at a capacity of up to 3.15 tpd (1,150 tpa) subject to complying with Québec's airborne and waterborne emission criteria. The Company recently applied for and was granted an amendment to this permit to take account of the additional equipment installed under the Stage 1 Expansion Project. The Company is now preparing to apply for a further amendment to the permit to increase the permitted maximum rate of daily production to the equivalent of 2,000 tpa following the collection of plant operating data, and will request a further amendment to raise the permitted maximum rate of daily production to the equivalent of 3,000 tpa once the equipment for the 3N5 circuit is installed in 2026.

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DIRECTORS' REPORT CONTINUED

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The People, Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Board (prior to the formation of the People, Remuneration and Nomination Committee) structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value;
- attracting and retaining high calibre executives;
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

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DIRECTORS' REPORT CONTINUED

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Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by People, Remuneration and Nomination Committee. The People, Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the People, Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include comparison to budget items such as sales, costs and EBITDA, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The People, Remuneration and Nomination Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2025.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the People, Remuneration and Nomination Committee.

The People, Remuneration and Nomination Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial year ended 31 December 2025, the consolidated entity, through the board, prior to the formation of the People, Remuneration and Nomination Committee, engaged Bedford, remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs. This has resulted in share-based payments remuneration in the form of options (LTI) being implemented.

DIRECTORS' REPORT CONTINUED

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the Nomination and Remuneration Committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Advanced Energy Minerals Limited:

- Richard Seville – Executive Chairman
- Michael Adams – Managing Director and Chief Executive Officer
- Richard Evans – Non-Executive Director
- Steven Petersohn – Non-Executive Director
- Leanne Heywood – Non-Executive Director
- Anthony Giammaria – Non-Executive Director
- Nassif Obeid – Non-Executive Director
- Timothy Fletcher – Non-Executive Director

And the following persons:

- Alexis Clark – Chief Financial Officer and Company Secretary

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

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Details of Remuneration

2025

	SHORT-TERM BENEFITS					LONG-TERM BENEFITS				
	SALARY & FEES	CASH BONUS	SUPER-ANNUATION	ANNUAL LEAVE	TOTAL MONETARY REMUNER-ATION	EQUITY-SETTLED SHARE-BASED PAYMENTS – OPTIONS/ PERFOR-MANCE RIGHTS	EQUITY-SETTLED SHARE-BASED PAYMENTS – SHARES/ DSU'S[2]	TOTAL REMUNER-ATION	PROPORTION OF REMUNER-ATION PERFORMANCE RELATED %	VALUE OF SHARE-BASED PAYMENTS AS A % OF REMUNER-ATION
	$	$	$	$	$	$	$	$		
Directors										
Richard Seville	83,250	–	9,990	–	93,240	67,875	811,013	972,128	–	90.4%
Michael Adams	443,829	47,309	–	–	491,137	67,875	–	559,012	8.46%	12.1%
Nassif Obeid	7,425	–	–	–	7,425	–	161,716	169,141	–	95.6%
Richard Evans	7,425				7,425	–	161,716	169,141	–	95.6%
Steven Petersohn	7,425	–	–	–	7,425	–	67,765	75,190	–	90.1%
Leanne Heywood[1]	12,580	–	–	–	12,580	–	39,488	52,068	–	75.8%
Timothy Fletcher[3]	75,586	–	–	–	75,586	–	48,394	123,980	–	39.0%
Anthony Giammaria	7,425				7,425	–	15,075	22,500	–	67.0%
Subtotal	**644,945**	**47,309**	**9,990**	**–**	**702,243**	**135,750**	**1,305,168**	**2,143,162**	**2.21%**	**67.2%**
Other KMP										
Alexis Clark	300,000	25,670	35,250	21,635	382,555	30,197	–	412,752	6.22%	7.3%
Total	**944,945**	**72,979**	**45,240**	**21,635**	**1,084,798**	**165,947**	**1,305,168**	**2,555,913**	**2.86%**	**57.6%**

1. Appointed on 22 August 2025.
2. During the year Performance Rights and DSU's were issued to the Executive Directors and are detailed below in the section 'Performance Rights. These share-based payments were in lieu of cash and covered the periods 2024 and 2025 where eligible.
3. Tim Fletcher was employed by AEM UK until March 2025.

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2024

	SHORT-TERM BENEFITS					LONG-TERM BENEFITS				
	SALARY & FEES	CASH BONUS	SUPER-ANNUATION	ANNUAL LEAVE	TOTAL MONETARY REMUNER-ATION	EQUITY-SETTLED SHARE-BASED PAYMENTS – OPTIONS/ PERFOR-MANCE RIGHTS	EQUITY-SETTLED SHARE-BASED PAYMENTS – SHARES/ DSU'S[2]	TOTAL REMUNER-ATION	PROPORTION OF REMUNER-ATION PERFORMANCE RELATED %	VALUE OF SHARE-BASED PAYMENTS AS A % OF REMUNER-ATION
	$	$	$	$	$	$	$	$		
Directors										
Richard Seville	55,000	–	13,585	–	68,585	–	662,100	730,685	–	90.6%
Michael Adams	400,000		–	–	400,000	381,140	–	781,140	–	48.8%
Gregory Baker[1]	–	–	–	–	–	–	–	–	–	0.0%
Hans K. Bohi[1]	–	–	–	–	–	–	–	–	–	0.0%
John Fletcher[1]	–	–	–	–	–	–	–	–	–	0.0%
Timothy Fletcher	178,025	–	5,642	–	183,667	58,241	–	241,908	–	24.1%
Steven Petersohn	–	–	–	–	–	176,409	68,250	244,659	–	100.0%
Nassif Obeid	–	–	–	–	–	–	–	–	–	0.0%
Richard Evans	–	–	–	–	–	–	–	–	–	0.0%
Anthony Giammaria	–	–	–	–	–	–	–	–	–	0.0%
Peter Thomson[1]	–	–	–	–	–	44,362	–	44,362	–	100.0%
Subtotal	**633,025**	**–**	**19,227**	**–**	**652,252**	**660,152**	**730,350**	**2,042,754**	**–**	**68.1%**
Other KMP										
Alexis Clark	175,000	–	20,125	12,620	207,745	–	–	207,745	–	0.0%
Total	**808,025**	**–**	**39,352**	**12,620**	**859,997**	**660,152**	**730,350**	**2,250,499**		**61.8%**

1. Resigned 26 June 2024.
2. Performance Rights Issued in 2024. The share-based payments reflected remuneration adjustments and incentive payments for 2022 and 2023 for various individuals. All of these grants were made to remunerate people whilst preserving cash.

DIRECTORS' REPORT CONTINUED

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Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Richard Seville
Title:	Executive Chairman
Agreement commenced:	1 October 2025
Term of agreement:	Ongoing
Details:	Base salary for the year ending 31 December 2025 of $333,000 plus superannuation, payable to Mr Seville on a 75% full time equivalent basis. Mr Seville may also be entitled to additional remuneration in the form of long-term incentives under the Company's EIP but is not eligible for a short-term incentive. Agreement is for an indefinite term with six months Termination by either party. Non-solicitation and non-compete clauses. Additional provisions considered standard for agreements of this nature.

Name:	Michael Adams
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	1 May 2023
Term of agreement:	Ongoing
Details:	Employed by AEM Inc (100% owned Canadian subsidiary of AEM Ltd). Base salary for the year ending 31 December 2025 of C$400,000 per annum. Also entitled to additional remuneration in the form of long-term incentives under the Company's EIP and eligible for a short-term incentive. Agreement is for an indefinite term with six months Termination by either party. Non-solicitation and non-compete clauses. Additional provisions considered standard for agreements of this nature.

Name:	Leanne Heywood, Steven Petersohn, Richard Evans, Anthony Giammaria, Nassif Obeid, Timothy Fletcher
Title:	Non-Executive Director
Agreement commenced:	1 October 2025
Term of agreement:	Ongoing
Details:	$90,000 AUD inclusive of superannuation can be paid in Cash or Deferred Share Units at the discretion of the Director.

Name:	Alexis Clark
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	1 June 2024
Term of agreement:	Ongoing
Details:	Base salary for the year ending 31 December 2025 of $300,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Also entitled to additional remuneration in the form of long-term incentives under the Company's EIP and eligible for a short-term incentive based on KPI achievement. Agreement is for an indefinite term with six months Termination by either party. Non-solicitation and non-compete clauses. Additional provisions considered standard for agreements of this nature.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

DIRECTORS' REPORT CONTINUED

Share-based compensation

Issue of shares

No shares were issued to directors and other key management personnel as part of compensation during the year ended 31 December 2025 or 31 December 2024.

Issue of Options

No Options were granted over ordinary shares affecting remuneration of directors and other key management personnel during the year ended 31 December 2025 or 31 December 2024.

Performance Rights & Deferred Share Units

The terms and conditions of each grant of Performance Rights and Deferred Share Units over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

2025

2024 Performance Rights

KEY MANAGEMENT PERSONNEL	HELD AT 1 JANUARY 2025	NUMBER OF RIGHTS GRANTED	EXERCISED	VESTED	HELD AT 31 DECEMBER 2025	GRANT DATE	VESTING DATE AND EXER-CISABLE DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER RIGHT AT GRANT DATE
Richard Seville	–	2,600,000	–	–	2,600,000	7/11/2025	1/5/2027	7/11/2028	Nil	0.21
Michael Adams	–	2,600,000	–	–	2,600,000	7/11/2025	1/5/2027	7/11/2028	Nil	0.21
Alexis Clark	–	1,225,000	–	–	1,225,000	7/11/2025	1/5/2027	7/11/2028	Nil	0.21

2025 Performance Rights

KEY MANAGEMENT PERSONNEL	HELD AT 1 JANUARY 2025	NUMBER OF RIGHTS GRANTED	EXERCISED	VESTED	HELD AT 31 DECEMBER 2025	GRANT DATE	VESTING DATE AND EXER-CISABLE DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER RIGHT AT GRANT DATE
Richard Seville	–	656,716	–	–	656,716	7/11/2025	1/5/2028	7/11/2028	Nil	0.21
Michael Adams	–	656,716	–	–	656,716	7/11/2025	1/5/2028	7/11/2028	Nil	0.21
Alexis Clark	–	223,881	–	–	223,881	7/11/2025	1/5/2028	7/11/2028	Nil	0.21

2023 Performance Rights

KEY MANAGEMENT PERSONNEL	HELD AT 1 JANUARY 2025	NUMBER OF RIGHTS GRANTED	EXERCISED	VESTED	HELD AT 31 DECEMBER 2025	GRANT DATE	VESTING DATE AND EXER-CISABLE DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER RIGHT AT GRANT DATE
Michael Adams	1,905,700	–	1,905,700	1,905,700	–	1/9/2024	12/9/2025	29/5/2027	0.20	0.20
Timothy Fletcher	291,205	–	291,205	291,205	–	1/9/2024	12/9/2025	29/5/2027	0.20	0.20
Steven Petersohn	882,045	–	882,045	882,045	–	1/9/2024	12/9/2025	29/5/2027	0.20	0.20
Peter Thomson[1]	221,810	–	221,810	221,810	–	1/9/2024	12/9/2025	29/5/2027	0.20	0.20

1. Resigned 2024.

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DIRECTORS' REPORT CONTINUED

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Deferred Share Units

KEY MANAGEMENT PERSONNEL	HELD AT 1 JANUARY 2025	NUMBER OF UNITS GRANTED	EXERCISED	VESTED	HELD AT 31 DECEMBER 2025	GRANT DATE	VESTING DATE AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER UNIT AT GRANT DATE
Richard Seville	–	1,530,214	–	1,530,214	1,530,214	7/11/2025	7/11/2025	No expiry	Nil	0.53
Richard Evans	–	276,682	–	276,682	276,682	7/11/2025	7/11/2025	No expiry	Nil	0.53
	–	28,443	–	28,443	28,443	18/12/2025	18/12/2025	No expiry	Nil	0.53
Steven Petersohn	–	99,415	–	99,415	99,415	7/11/2025	7/11/2025	No expiry	Nil	0.53
	–	28,443	–	28,443	28,443	18/12/2025	18/12/2025	No expiry	Nil	0.53
Nassif Obeid	–	276,682	–	276,682	276,682	7/11/2025	7/11/2025	No expiry	Nil	0.53
	–	28,443	–	28,443	28,443	18/12/2025	18/12/2025	No expiry	Nil	0.53
Timothy Fletcher	–	62,866	–	62,866	62,866	7/11/2025	7/11/2025	No expiry	Nil	0.53
	–	28,443	–	28,443	28,443	18/12/2025	18/12/2025	No expiry	Nil	0.53
Leanne Heywood	–	26,316	–	26,316	26,316	7/11/2025	7/11/2025	No expiry	Nil	0.53
	–	48,190	–	48,190	48,190	18/12/2025	18/12/2025	No expiry	Nil	0.53
Anthony Giammaria	–	28,443	–	28,443	28,443	7/11/2025	7/11/2025	No expiry	Nil	0.53

2024

2023 Performance Rights

KEY MANAGEMENT PERSONNEL	HELD AT 1 JANUARY 2024	NUMBER OF RIGHTS GRANTED	EXERCISED	VESTED	HELD AT 31 DECEMBER 2024	GRANT DATE	VESTING DATE AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER RIGHT AT GRANT DATE
Michael Adams	–	1,905,700	–	–	1,905,700	1/9/2024	No Vesting Conditions, Exercise before Expiry	29/5/2027	0.20	0.20
Timothy Fletcher	–	291,205	–	–	291,205	1/9/2024		29/5/2027	0.20	0.20
Steven Petersohn	–	882,045	–	–	882,045	1/9/2024		29/5/2027	0.20	0.20
Peter Thomson[1]	–	221,810	–	–	221,810	1/9/2024		29/5/2027	0.20	0.20

1. Resigned 2024.

Performance Rights and Deferred Shares on Issue

INSTRUMENT	NUMBER	BASIS	VESTING
Loyalty Rights	3,075,000	Service-Based	31 March 2027
2024 Performance Rights	11,215,885	Performance-Based	Subject to Total Shareholder Return vest after 30 April 2027
2025 Performance Rights	3,148,959	Performance-Based	Subject to Total Shareholder Return vest after 30 April 2028
Deferred Share Units	2,272,175	Vested	Vested

The vesting of the 2024 and 2025 Performance Rights is based on the following performance conditions:

RELATIVE TSR OVER THE VESTING AND MEASUREMENT PERIOD	PROPORTION OF PERFORMANCE RIGHTS VESTED
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th and 75th percentile	Between 50% and 100% calculated on a pro rata linear basis
At and above the 75th percentile	100%

DIRECTORS' REPORT CONTINUED

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Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options or performance rights granted as compensation to a key management person) have been altered or modified by the Company during the 2025 financial year.

Loans to key management personal and their related parties

There were no loans made to key management personnel or their related parties during the 2024 and 2025 financial years and no amounts were outstanding at 31 December 2025 (2024:$nil)

Options

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the Company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Group performance and link to remuneration'. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 31 December 2025 were Nil.

Additional disclosures relating to key management personnel

Shareholding

No shares were granted to key management personnel during the reporting period as compensation in 2024 or 2025. The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2025

	BALANCE 1 JANUARY 2025	ADDITIONS	CONVERSION OF RIGHTS/ NOTES/ OPTIONS[7]	DISPOSALS/ OTHER	BALANCE 31 DECEMBER 2025
Ordinary shares					
Richard Seville[1]	26,521,323	42,553,583	–	–	69,074,906
Michael Adams[2]	1,394,556	188,679	1,905,700	–	3,488,935
Nassif Obeid[3]	12,140,704	2,808,633	–	–	14,949,337
Richard Evans[4]	24,281,408	1,189,262	–	–	25,470,670
Steven Petersohn[5]	10,066,065	3,537,834	882,045	–	14,485,944
Leanne Heywood	–	–	–	–	–
Timothy Fletcher[6]	3,500,000	54,844,301	291,205	(77,000)	58,558,506
Anthony Giammaria	120,000	–	–	–	120,000
Alexis Clark	800,000	280,000	–	–	1,080,000
Total	**78,824,056**	**105,402,292**	**3,078,950**	**(77,000)**	**187,228,298**

1. Held by entities controlled by Mr Seville: Richard Seville & Associates Pty Ltd ATF The Seville Super Fund; Richard Seville & Associates Pty Ltd; Ockleston Nominees Pty Ltd ATF The Seville Trust. Additions include 42,364,904 shares issued in AEM Ltd from conversion of Debentures held in AEM Inc.
2. Held by MGW Adams Ltd. Includes 1,905,000 shares issued in AEM Ltd from conversion of Performance Rights issued in September 2024.
3. Additions include 2,714,294 shares issued in AEM Ltd from conversion of Debentures held in AEM Inc.
4. Additions include 1,094,922 shares issued in AEM Ltd from conversion of Debentures held in AEM Inc.
5. Held by Related Parties of Mr Petersohn including Wife and Daughter. Additions include 882,045 shares issued from Performance Rights conversion; 3,194,792 shares issued in AEM Ltd from conversion of Debentures held in AEM Inc.
6. Held by Related Parties of Mr Fletcher including Begrand Resources Limited, ASIA Cleveland Limited, Cleveland Investment Global Limited and John Fletcher, Additions include holdings of Related Parties of 52,925,158 held at prior year end, also 1,730,464 shares issued in AEM Ltd from conversion of Debentures held in AEM Inc. Mr Fletcher disposed of 77,000 shares during the year.
7. Conversion of 2023 Performance Rights on 12 September 2025.

DIRECTORS' REPORT CONTINUED

2024

	BALANCE 1 JANUARY 2024	ADDITIONS	CONVERSION OF RIGHTS/ NOTES/ OPTIONS[7]	DISPOSALS/ OTHER	BALANCE 31 DECEMBER 2024
Ordinary shares					
Richard Seville[1]	19,026,823	3,494,500	4,000,000	–	26,521,323
Michael Adams[2]	954,556	–	440,000	–	1,394,556
Nassif Obeid[3]	–	–	12,140,704	–	12,140,704
Richard Evans[4]	–	–	24,281,408	–	24,281,408
Steven Petersohn[5]	9,024,815	341,250	700,000	–	10,066,065
Gregory Baker[6]	1,500,000	–	–	–	1,500,000
Hans K. Bohi[7]	16,642,250	–	–	–	16,642,250
John Fletcher[8]	51,725,158	–	1,200,000	–	52,925,158
Peter Thomson[9]	637,227	–	–	–	637,227
Timothy Fletcher	3,500,000	–	–	–	3,500,000
Anthony Giammaria	–	120,000	–	–	120,000
Alexis Clark	–	800,000	–	–	800,000
Total	**103,010,829**	**4,755,750**	**42,762,112**	**–**	**150,528,691**

1. Held by entities controlled by Mr Seville: Richard Seville & Associates Pty Ltd ATF The Seville Super Fund; Ockleston Nominees Pty Ltd ATF The Seville Trust.
2. Held by MGW Adams Ltd.
3. Additions include 12,140,704 shares issued in AEM Ltd from conversion of Conversion notes and issue of shares from completion of acquisition of Remaining 40% of AEM Inc.
4. Additions include 24,281,408 shares issued in AEM Ltd from conversion of Conversion notes and issue of shares from completion of acquisition of Remaining 40% of AEM Inc.
5. Held by Related Parties of Mr Petersohn including Wife and Daughter. Additions include 700,000 shares issued from conversion of Options and 341,250 shares issued from Consulting services provided to AEM Ltd.
6. Held by Omicron Holdings Ltd. Resigned as a Director of AEM Ltd on 26 June 2024.
7. Held by Aktiengesellschaft Stoketen. Resigned as Director of AEM Ltd on 26 June 2024.
8. Held by entities Controlled by Mr Fletcher: Begrand Resources Limited, Cleveland Investment Global Limited. Resigned as a Director on 26 June 2024. Additions include shares issued from Options exercise.
9. Resigned as a Director on 26 June 2024.

Movement in Options

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is Nil.

Options Granted as Compensation

No options were granted to key management personnel as compensation during the 2024 and 2025 financial years.

Other transactions with key management personnel and their related parties

During the financial year, payments for legal services from AG Avocats (director-related entity of Anthony Giammaria) of $194,784 CAD were made. The current trade payable balance as at 31 December 2025 was $71,093 CAD. All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

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DIRECTORS' REPORT CONTINUED

Shares under option

Unissued ordinary shares of Advanced Energy Minerals Limited under option at the date of this report are as follows:

2025

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE PERIOD	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE PERIOD
18-Dec-25	18-Dec-28	0.69	–	4,224,010	–	–	4,224,010

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Advanced Energy Minerals Limited were issued during the year ended 31 December 2025 and up to the date of this report on the exercise of options granted:

GRANT DATE	EXERCISE PRICE	NUMBER OF SHARES ISSUED
30-Nov-23	0.25	883,587

Significant Change in State of Affairs

Initial Public Offering and Listing of AEM Ltd on the ASX

AEM successfully completed an Initial Public Offering during the year with trading commencing on the ASX on 24 December 2025. The Company raised approximately A$44.8 million (pre costs) at an offer price of A$0.53 per share and commenced trading with a market capitalisation of approximately A$312 million and an enterprise value of approximately A$272 million.

The close of the offer of the Shares under the Offer occurred on 28 November 2025, and cleared funds had been received for the amount of A$44,774,521 at an issue price of A$0.53 per Share. The following shares were issued as follows:

- 22,892,026 Shares were issued on conversion of the Consideration Notes;
- 194,149,430 Shares were issued pursuant to the conversion of the Convertible Debentures (see note 20 for Further details); and
- 84,480,228 Shares were issued pursuant to the Offer.

Sale of AEM HPA Pty Ltd

During the year the Company completed the sale of AEM HPA Pty Ltd the holder of the Mining Licence ML100200 to Cape York Kaolin Ltd in return for a Royalty over any future production of Kaolin from this licence. AEM previously divested itself of MDL469 in 2024. As a part of this process the Company provided a Convertible note of $1.1 million to Cape York Kaolin Ltd to assist in the initial stages of the business. This completes the process of separating its HPA and Kaolin businesses into separate corporate entities. The separation aims to maximize shareholder value and facilitate future listings for this Kaolin focused business.

Matters subsequent to balance date

There were no matters to report.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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DIRECTORS' REPORT CONTINUED

The Directors consider given the size and complexity of the Company's operations at the current stage, it is in the best interest of the Company for audit and remuneration matters to be directly considered and decided by the Board of Directors. Audit and Risk Committee's and Nomination and Remuneration Committee's are now in place for 2026.

Indemnification and Insurance of Directors, Officers and Auditors

The Company has executed agreements with the Directors and Officers of the Company indemnifying them against all losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officer of a Group Company to the extent permitted by the *Corporation Act 2001*. The indemnification specifically excludes wilful acts of negligence.

The Company has paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for the current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed for confidentiality reasons.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

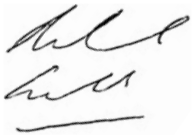
During the year, HLB Mann Judd, the Company's auditor provided services in relation to the preparation of a Independent Limited Assurance Report (ILAR) for the prospectus for the Initial Public Offering in addition to their statutory audits. Non-audit fees amount was $17,622 (2024: $Nil). Details of remuneration paid to the auditor can be found within the financial statements at note 33.

Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the year ended 31 December 2025 has been received and can be found on page 77 of the annual report.

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

On behalf of the Directors



Richard Seville
Executive Chairperson

Dated 20 March 2026

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS

For the year ended 31 December 2025

	NOTE	12 MONTHS TO 31 DECEMBER 2025	12 MONTHS TO 31 DECEMBER 2024
		$	$
Revenue	5	622,315	187,861
Other income	6	267,913	82,791
Gain on Consolidation	7	–	63,070,964
		890,228	**63,341,616**
Expenses			
Raw materials and consumables used		(466,776)	(833,284)
Employee benefits expense		(11,742,309)	(6,555,115)
Share-based Payments Expense	8	(3,012,278)	–
Depreciation and amortisation		(1,954,650)	(967,143)
Patent maintenance		(65,027)	(88,632)
Production expenses	9	(2,425,496)	(833,271)
Other expenses	9	(5,742,134)	(3,649,204)
Finance costs	9	(8,486,302)	(3,541,876)
Total expenses		**(33,894,972)**	**(16,468,525)**
(Loss)/Profit before Tax		**(33,004,744)**	**46,873,091**
Income tax (expense)/benefit	10	4,342,025	2,106,272
Net (Loss)/Profit for the Year		**(28,662,719)**	**48,979,363**
Other Comprehensive Profit/(Loss)			
Items that will not be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		681,584	(255,637)
Total Comprehensive (Loss)/Profit for the Year		**(27,981,135)**	**48,723,726**
(Loss)/Profit for the Year Attributable to:			
Owners of Advanced Energy Minerals Ltd		(27,981,135)	48,723,726
		(27,981,135)	**48,723,726**
Total Comprehensive (Loss)/Profit Attributable to:			
Owners of Advanced Energy Minerals Ltd		(27,981,135)	48,723,726
		(27,981,135)	**48,723,726**
Earnings Per Share			
Basic and Diluted (Loss)/Profit Per Share (cents)	28	(9.03)	22.24

The consolidated statement of profit or loss and other comprehensive loss is to be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTE	CONSOLIDATED 31 DECEMBER 2025	CONSOLIDATED 31 DECEMBER 2024
		$	$
Current Assets			
Cash and cash equivalents	11	39,823,506	2,927,098
Trade and other receivables	12	1,889,981	1,143,188
Inventories	13	712,387	429,435
Current Assets – others	14	704,406	7,509,054
Total Current Assets		**43,130,280**	**12,008,775**
Non-Current Assets			
Property, plant, and equipment	15	121,099,058	106,497,354
Exploration and evaluation asset	16	-	730,000
Intangibles	17	677,813	780,321
Goodwill	18	52,197,712	52,197,712
Total Non-Current Assets		**173,974,583**	**160,205,387**
Total Assets		**217,104,863**	**172,214,162**
Current Liabilities			
Trade and other payables	19	3,070,041	2,957,724
Debentures	20	-	26,349,815
Embedded Derivative	20	-	15,563,379
Borrowings	22	1,673,864	1,244,911
Employee benefits	23	400,222	138,272
Total Current Liabilities		**5,144,127**	**46,254,101**
Non-Current Liabilities			
Borrowings	21	11,184,676	6,173,698
Deferred Tax Liability	24	11,860,707	16,202,732
Total Non-Current Liabilities		**23,045,383**	**22,376,430**
Total Liabilities		**28,189,510**	**68,630,531**
Net Assets		**188,915,353**	**103,583,631**
Equity			
Issued capital	25	186,422,293	76,064,244
Reserves	26	5,739,423	2,103,030
Retained Earnings/(Accumulated Losses)	27	(3,246,363)	25,416,357
Total Equity		**188,915,353**	**103,583,631**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTE	12 MONTHS TO 31 DECEMBER 2025	12 MONTHS TO 31 DECEMBER 2024
		$	$
Cash flows from operating activities			
Cash flows used in operating activities:			
Loss from continuing operations		(33,004,744)	46,873,091
Adjustments for:			
Depreciation and amortisation		1,954,650	967,143
Non-cash net financial expenses		8,262,182	2,514,303
Gain on Consolidation of Vivent Interest		–	(63,070,964)
Movement in:			
Share-based payments		3,012,278	–
Sales taxes and other receivables		(138,280)	14,368
Inventory		(299,556)	182,049
Prepaid expenses and others		(712,328)	225,392
Accounts payable and accrued liabilities		785,172	1,243,117
Net cash (used in) operating activities		**(20,140,626)**	**(11,051,502)**
Cash flows from financing activities:			
Issue of Shares in AEM Ltd		44,844,923	3,520,000
Cost of the Offer		(3,033,897)	–
Cash acquired on control of AEM		–	303,211
Proceeds from C3I Tax Credit		1,662,940	–
Proceeds from long-term debt		4,840,568	6,691,147
Proceeds from the Issue of Debentures		20,157,442	14,159,075
Net cash from financing activities		**68,471,975**	**24,673,432**
Cash flows used in investing activities:			
Proceeds from sale of property, plant and equipment		–	578
Additions to Long Lead Items		–	(4,520,859)
Additions to property, plant and equipment		(10,555,561)	(6,338,981)
Additions to intangible assets		(879,380)	74,992
Net cash (used in) investing activities		**(11,434,941)**	**(10,784,269)**
Net increase in cash		36,896,408	2,837,661
Cash, beginning of year	11	2,927,098	89,438
Cash, end of year		**39,823,506**	**2,927,098**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	ISSUED CAPITAL	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	SHARE-BASED PAYMENT RESERVE	FOREIGN EXCHANGE TRANSLATION RESERVE	NON CONTROLLING INTEREST	TOTAL
	$	$	$	$	$	$
Balance at 31 December 2023	**23,013,054**	**(23,563,007)**	**934,895**	**537,895**	**178,213**	**1,101,051**
Profit for the year	–	48,979,363	–	–	–	48,979,363
Other comprehensive (loss) for the year	–	–	–	(255,637)	–	(255,637)
Total comprehensive income for the year	**–**	**48,979,363**	**–**	**(255,637)**	**–**	**48,723,726**
Shares issued during the year (net of costs)	40,605,601	–	–	–	–	40,605,601
Convertible Note Issued to Vivent	12,445,590	–	–	–	–	12,445,590
Loss of control/Regaining of Control	–	–	–	885,877	(178,213)	707,664
Balance at 31 December 2024	**76,064,244**	**25,416,356**	**934,895**	**1,168,135**	**–**	**103,583,632**
Profit (Loss) for the year	–	(28,662,719)	–	–	–	(28,662,719)
Other comprehensive income for the year	–	–	–	681,584	–	681,584
Total comprehensive income for the year	**–**	**(28,662,719)**	**–**	**681,584**	**–**	**(27,981,135)**
Share-based payments	–	–	2,954,808	–	–	2,954,808
Shares issued during the year (net of costs)	122,803,638	–	–	–	–	122,803,638
Convertible Note Issued to Vivent	(12,445,589)	–	–	–	–	(12,445,589)
Balance at 31 December 2025	**186,422,293**	**(3,246,363)**	**3,889,703**	**1,849,719**	**–**	**188,915,353**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Note 1. Significant changes in the current reporting year

The financial position and performance of the Group was particularly affected by the following events and transactions during the year ended to 31 December 2025:

Initial Public Offering and Listing of AEM Ltd on the ASX

AEM successfully completed an Initial Public Offering during the year with trading commencing on the ASX on 24 December 2025. The Company raised approximately A$44.8 million (pre costs) at an offer price of A$0.53 per share and commenced trading with a market capitalisation of approximately A$312 million and an enterprise value of approximately A$272 million.

The close of the offer of the Shares under the Offer occurred on 28 November 2025, and cleared funds had been received for the amount of A$44,774,521 at an issue price of A$0.53 per Share. The following shares were issued as follows:

- 22,892,026 Shares were issued on conversion of the Consideration Notes;
- 194,149,430 Shares were issued pursuant to the conversion of the Convertible Debentures (see note 20 for further details); and
- 84,480,228 Shares were issued pursuant to the Offer.

Sale of AEM HPA Pty Ltd

During the year the Company completed the sale of AEM HPA Pty Ltd the holder of the Mining Licence ML100200 to Cape York Kaolin Ltd in return for a Royalty over any future production of Kaolin from this licence. As a part of this process the Company provided a Convertible note of $1.1 million to Cape York Kaolin Ltd to assist in the initial stages of the business. This completes the process of separating its HPA and Kaolin businesses into separate corporate entities. The separation aims to maximize shareholder value and facilitate future listings for this Kaolin focused business.

Note 2. Corporate Information and material accounting policies

Corporate information

Advanced Energy Minerals Limited (the "Company", "AEM", the "Group") is a listed public company incorporated in 2000 in New South Wales, Australia with its Principal Place of Business & Registered office at 3 Amy Close, Wyong NSW 2259, Australia. The Company listed on the ASX on 24 December 2025.

Basis of preparation

These are the consolidated financial statements and notes of the Company and controlled entities (collectively the Group). Advanced Energy Minerals Ltd is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue on 20 March 2026 by the Directors of the Company.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

Statement of compliance

These financial statements are simplified disclosures financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AAS Board) and other authoritative pronouncements of the *Corporations Act 2001*. The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Australian Accounting Standards (AASBs) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Going concern

For the year ended 31 December 2025, the Group had incurred a net loss before tax of $33,004,744 (2024: Net Profit $46,873,091 (Including the Gain on Acquisition of the interest in Vivent), a net cash inflow of $36,896,408 (2024: $2,837,662 net cash inflow), was in a net asset position of $188,915,353 (including Goodwill and Asset Revaluation) (2024: $103,583,631) and a cash and cash equivalents position of $39,823,506 (2024: $2,927,098) as at 31 December 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:

- Continued support of its shareholders; and
- 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 via the IPO.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Significant accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes model taking into account the terms and conditions upon which the instruments were granted.

Note 3. Principles of consolidation

Subsidiaries

The Group financial statements consolidate those of the Company and all its subsidiaries. The Company controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the activities of the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Functional and presentation currency

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Advanced Energy Minerals Ltd is Australian dollars.

The financial report is presented in Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

Group companies and foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the reporting date; and
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recorded in a reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable.

Note 4. New accounting standards

New and revised accounting standards affecting amounts reported and/or disclosures in the financial statements

The Group has consistently applied the accounting policies to all periods presented in the financial statements.

The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2025 but determined that their application to the financial statements is either not relevant or not material.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the group. The Group's assessment of the impact of these new standards and interpretations is that they would not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 5. Revenue

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2025	12 MONTHS TO 31 DECEMBER 2024
REVENUE	**$**	**$**
Revenue – Sale of HPA Products, point in time	622,315	187,861
	622,315	**187,861**

Note 6. Other income

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2025	12 MONTHS TO 31 DECEMBER 2024
OTHER INCOME	**$**	**$**
Grant income	230,566	75,868
Other	37,347	6,923
	267,913	**82,791**

Note 7. Gain on consolidation

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2025	12 MONTHS TO 31 DECEMBER 2024
	$	**$**
Gain on Consolidation	–	63,070,964
	–	**63,070,964**

AEM applied 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.

Firstly, the revaluation of the previously held 60% interest in parent entity. The previous carrying amount of 60% investment held was $nil. The Fair value of identifiable net assets acquired (being 100% of the identifiable net assets acquired is $121 million AUD. 60% of this is recognised as a Gain on Acquisition offset by pre acquisition losses and share capital results in a Net Gain of $63 million.

Upon Consolidation/Acquisition of the 40% remaining interest the Identifiable net assets was recognized to bring the value of identifiable assets acquired to $121 million AUD.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 8. Share-based payments expense

			CONSOLIDATED	
			31 DECEMBER 2025	31 DECEMBER 2024
	NOTE	NUMBER	$	$
Retention Performance Rights	1	6,950,000	144,848	–
2024 Performance Rights	1	4,270,715	89,008	–
2025 Performance Rights	1	3,221,319	39,986	–
Loyalty Rights	2	3,050,000	171,495	–
Deferred Share Units	3	2,272,175	1,204,253	–
Payments to Contractors (shares)	4	1,852,953	650,336	–
Payments to Employees (shares)	5	3,561,760	712,352	–
Total			**3,012,278**	**–**

1. Retention rights, 2024 and 2025 Rights issued to AEM Ltd employee's which vest on different terms to employee's of AEM Ltd, these have been independently valued by Barrington Pty Ltd and expensed over the vesting period.
2. Loyalty Rights issued to AEM Ltd employees which vest to AEM Ltd employee's have been valued as per Black Scholes model and expensed over the vesting period.
3. Deferred Share Units issued to Director's of AEM Ltd have been valued at $0.53 per share. These vest on issue and have been expensed upfront.
4. Various payment to Consultants/Contractors to AEM Ltd in 2025, please refer note 25 for further details.
5. Payments to Employees via Share issue from Exercise of Performance rights, please refer note 25 for further details.

Further details on the various Rights are provided below:

RIGHT	NUMBER	VALUATION	ISSUED DATE	VESTING DATE	BASIS	VESTING	VESTING DAYS
Retention Rights	6,950,000	1,445,801	7-Nov-25	31-Mar-27	Performance-Based	TSR vest after 30 April 2027	539
2004 Performance Rights	4,270,715	888,432	7-Nov-25	30-Apr-27	Performance-Based	TSR vest after 30 April 2027	539
2025 Performance Rights	3,221,319	670,128	7-Nov-25	30-Apr-28	Performance-Based	TSR vest after 30 April 2028	905
Loyalty Rights	3,050,000	1,618,500	7-Nov-25	31-Mar-27	Service-Based	31 March 2027	509

The vesting of Performance Rights is based on the following performance conditions:

RELATIVE TSR OVER THE VESTING AND MEASUREMENT PERIOD	PROPORTION OF PERFORMANCE RIGHTS VESTED
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th and 75th percentile	Between 50% and 100% calculated on a pro rata linear basis
At and above the 75th percentile	100%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 9. Other expenses and finance cost

	NOTE	CONSOLIDATED 12 MONTHS TO 31 DECEMBER 2025	CONSOLIDATED 12 MONTHS TO 31 DECEMBER 2024
		$	$
Production expenses	a	**2,425,496**	**833,271**
Finance costs	b	**8,486,302**	**3,541,876**
Other expenses	c		
Professional & Consulting fees		3,759,141	2,233,124
Audit fees		90,527	76,186
Other		1,892,466	1,339,894
Total other expenses		**5,742,134**	**3,649,204**

(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. Further breakdown of Finance expenses is provided below.

(c) Other Expenses include Professional & Consulting Insurance, General Administration and Marketing Costs.

	CONSOLIDATED 12 MONTHS TO 31 DECEMBER 2025	CONSOLIDATED 12 MONTHS TO 31 DECEMBER 2024
	$	$
Interest on Debentures	5,613,705	2,060,605
Net Fair Value loss on Conversion of Debentures	2,536,960	1,575,461
Unrealised loss on FX	276,844	(282,976)
Other Finance Costs	58,793	188,786
Total Finance Expenses	**8,486,302**	**3,541,876**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 10. Income tax

	CONSOLIDATED	
	12 MONTHS TO 31 DECEMBER 2025	12 MONTHS TO 31 DECEMBER 2024
NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE AND TAX AT THE STATUTORY RATE		
Profit before income tax expense	(33,004,744)	46,873,091
Tax at the statutory tax rate of 30%	9,901,423	(14,061,927)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	(5,559,398)	16,890,827
Deferred tax asset not brought to account	–	(1,009,946)
Tax Benefit from Prior Year	4,342,025	2,106,272
Income tax (expense)/benefit	**4,342,025**	**2,106,272**

Recognition and Measurement

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on a basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Judgements and Estimates

Judgement is required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future years allowing to utilise the recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future years.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 11. Cash and cash equivalents

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
	$	$
Cash at bank and in hand	39,823,506	2,927,098
	39,823,506	**2,927,098**

Recognition and Measurement

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions with an original maturity not exceeding three months, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. If greater than three months, principal amounts can be redeemed in full, with interest payable at the same cash rate from inception as per the agreement with each bank.

Note 12. Trade and other receivables

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
CURRENT	$	$
Trade Debtors	196,671	–
GST/Sales Tax Receivable	256,234	691,280
CYK Loan Recievable	1,437,076	451,908
	1,889,981	**1,143,188**

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less expected credit losses. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 13. Inventories

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
AT COST	**$**	**$**
Finished products	300,475	122,339
Intermediate product	273,632	217,128
Raw materials	138,280	89,968
	712,387	**429,435**

Recognition and Measurement

Consumable supplies are physically measured or estimated and stated at the lower of cost and net realisable value. Cost comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs in getting such inventories to their existing location and condition, based on weighted average costs incurred during the year in which such inventories were produced. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product. Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost.

Note 14. Current assets – other

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
CURRENT	**$**	**$**
Prepaid Expenses[1]	536,975	7,509,054
Deposits	167,431	–
	704,406	**7,509,054**

1. The HPA plant is currently undertaking a capital expansion project to increase the capacity of the HPA plant to 3,000 tpa which involves the acquisition of a number of items are being acquired on a long lead item basis/prepaid deposits which are accounted for as prepaid expenses. Once the items are installed in the plant and ready for use they will be transferred to Plant and Equipment from Prepaid Deposits/Expenses.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 15. Property, plant and equipment

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
	$	$
Land and buildings	7,556,796	1,054,755
Less: accumulated depreciation	(729,047)	(442,056)
	6,827,749	612,699
Assets under construction, at cost	2,965,811	10,392,353
Less: accumulated depreciation	–	–
	2,965,811	10,392,353
Furnitures and IT – at cost	147,301	140,744
Less: accumulated depreciation	(146,374)	(129,507)
	927	11,237
Plant and equipment – at cost	117,650,113	10,739,419
Fair Value on Acquisition of Vivent Interest[2]	–	88,000,181
Less: accumulated depreciation	(4,774,166)	(3,341,508)
C3I Tax Credit Offset[1]	(1,622,854)	–
	111,253,092	95,398,092
Vehicles – at cost	90,763	90,763
Less: accumulated depreciation	(39,285)	(7,791)
	51,478	82,972
	121,099,058	**106,497,354**

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.
2. Asset Revaluation to Fair Market Value reflects the recognition of the fair market value of the HPA business assets after eliminating AEM Inc share capital. Please refer note 18 on Goodwill.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Reconciliations of the carrying amount at the beginning and end of the current financial year are set out below:

2025

RECONCILIATION OF PLANT AND EQUIPMENT	LAND AND BUILDINGS, ROU ASSET	PLANT AND EQUIPMENT	FURNITURES AND IT EQUIPMENT	ASSETS UNDER CON-STRUCTION	VEHICLES	TOTAL
Carrying amount at the beginning of the period	612,699	103,737,301	4,580	2,059,802	82,972	106,497,354
Additions/Reallocation	6,555,738	10,678,424	(3,653)	906,009	–	18,136,518
Depreciation	(340,688)	(1,539,779)	–	–	(31,494)	(1,911,960)
Disposals	–	–	–	–	–	–
Foreign currency translation movement	–	–	–	–	–	–
C3I Tax Credit Offset	–	(1,622,854)	–	–	–	(1,622,854)
Carrying amount at the end of the period	**6,827,749**	**111,253,093**	**927**	**2,965,811**	**51,478**	**121,099,058**

Recognition and Measurement

Impairment and derecognition

Tangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount the cash generating unit can be sold to a knowledgeable and willing market participant in an arm's length transaction, less the disposal costs. In estimating fair value less costs of disposal, discounted cash flow methodology is utilised, and a post-tax discount rate is used.

For the purposes of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generated units).

Buildings	15 years
Furniture & Fixtures and IT Equipment	3 to 15 years
Leashold Improvements	over the term of the leases
Plant & Equipment	5 to 25 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Judgements and Estimates

Assets held for sale have been recorded at fair value as this was lower than the carrying value at the date it was classified as held for sale. The fair value was determined with regards to a valuation that was performed to assess the fair value.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 16. Exploration and evaluation expenditure

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
EXPLORATION AND EVALUATION EXPENDITURE (EEA) AT COST:	**$**	**$**
MLA100200 and HPA application related EEA	730,000	730,000
Sale of ML100200	(730,000)	–
Carrying amount of and HPA application related EEA at the end of the period	**–**	**730,000**
	–	**730,000**

RECONCILIATION OF EXPLORATION AND EVALUATION EXPENDITURE	31 DECEMBER 2025	31 DECEMBER 2024
Carrying amount at beginning of the year	730,000	730,000
Sale of ML100200	(730,000)	–
Carrying amount at the end of the year	**–**	**730,000**

The Mining Lease ML100200 was held owned by AEM HPA Pty Ltd a 100% subsidiary of AEM Ltd. On 7 November 2025 AEM HPA Pty Ltd was sold to Cape York Kaolin Limited in return for a Royalty, accordingly this asset is no longer owned by AEM Ltd at year end 2025.

Judgements and Estimates

Management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. There is no information up to the date of this report which would result in an impairment trigger due to potential loss of tenements.

Note 17. Intangibles

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
INTANGIBLES ASSETS	**$**	**$**
Trade Name, Domain Name & Trademarks	65,712	64,210
Patents, at cost	1,021,461	1,052,940
Less: accumulated amortisation	(409,361)	(336,828)
	677,812	**780,322**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 18. Goodwill

	CONSOLIDATED	
	31 DECEMBER 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**

Further to the Restructuring announced in 2023, AEM completed the acquisition of the remaining 40% interest in AEM Inc on 6 May 2024. AEM acquired the remaining 40% interest in AEM Inc from Vivent to achieve 100% ownership (44,055,033 shares held in AEM Inc). Total AEM Inc. common share ownership pre the transaction was AEM 66,082,550 (60%) and Vivent 44,055,033 (40%).

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 as follows: 44,815,647 Shares, 76,591,390 Convertible Notes.

The Transaction has been accounted for as a business combination. On 6 May 2024 AEM Ltd acquired the remaining 40% of the shares of AEM Inc for the total consideration transferred of $121,888,889. This is a high purity alumina business and the goodwill of $52,197,712 represents the expected synergies from the acquisition and control of the remaining 40% of the business. On an annual basis AEM management make an assessment of the recoverability of Goodwill and it has been determined that no impairment is required.

Note 19. Trade and other payables

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
CURRENT	$	$
Trade Payables and accruals	3,070,041	2,957,724
	3,070,041	**2,957,724**

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are outstanding. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 20. Convertible debentures

Throughout the year ended 31 December 2024 and 31 December 2025, AEM Inc issued convertible debentures for total proceeds of $13,699,474 (CAD) and $18,968,950 (CAD) respectively.

On 18 December 2025 due to the Initial Public Offering of AEM Ltd, the Debentures issued by AEM Inc were automatically converted into shares in Advanced Energy Minerals Limited as follows:

CANADIAN DOLLARS	2023 DEBENTURES	2024/25 DEBENTURES	TOTAL
Principal Value of Debentures	20,379,858	33,480,509	53,860,367
Interest	5,661,319	2,888,643	8,549,962
Total Value of Debentures Outstanding 18 December 2025	26,041,177	36,369,152	62,410,329
Total Shares Issued in AEM Ltd at Conversion	86,229,074	107,920,356	194,149,430
Conversion Price ($CAD)	$0.30	$0.34	

The issue of shares in AEM Ltd satisfied the full amount of the Debentures outstanding including capitalised interest.

The debentures accrued interest at a rate of 10% per annum until fully repaid or converted. The total amount of the principal and any accrued interest was repayable on maturity 31 December 2025 (2023 & 2024 Debentures), or at any time prior to maturity if the Company sold substantially all its assets.

The debentures were 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 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 = $100 million CAD, 2024 Debentures Valuation Cap = $150 million CAD.

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

The conversion ratio was 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 capitalised as a contra-liability and amortized throughout the life of the debentures and the portion on the embedded derivative being expensed as incurred.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

VALUATION OF CONVERTIBLE DEBENTURES

AUD	$
Face Value of Convertible Debenture issued in 2023	22,840,462
Initial recognition of derivative liability	(9,492,527)
Initial recognition of transaction costs	(509,736)
Interest Accrued 2023	1,138,069
Carrying value – convertible debt as at 1 January 2024	**13,976,268**
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 31 December 2024	**26,349,816**
Interest Accrued 2025	5,613,705
Transaction Cost Amortisation	253,748
Exchange Rate Difference	(73,628)
Face Value of Convertible Debenture issued in 2025	20,690,390
Initial recognition of derivative liability	(5,281,755)
Initial recognition of transaction costs	(537,484)
Carrying value – convertible debt as at 18 December 2025	**47,014,792**
Conversion into AEM Ltd Shares	(47,014,792)
Carrying value – convertible debt as at 31 December 2025	**–**

DERIVATIVE LIABILITY VALUATION (LEVEL 3 FAIR VALUE)	31 DECEMBER 2025	31 DECEMBER 2024
AUD	**$**	**$**
Opening Balance	15,563,379	8,485,512
Initial recognition of derivative liability	5,281,755	5,686,773
Change in fair value	913,294	1,578,626
Transaction Costs Capitalised	(278,072)	(187,531)
Transaction Costs Amortisation	–	–
Exchange Rate Difference	(43,487)	–
Total Carrying Value – Derivative Liability as at 18 December, 2025	21,436,869	–
Conversion into AEM Ltd Shares	(21,436,869)	–
Carrying value – derivative liability	**–**	**15,563,379**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 21. Loans – non-current

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
IQ & DEC Loan[1]	10,404,982	6,075,034
Lease Liability – Right-of-Use Asset[2]	728,463	
Ford Loan	51,231	98,664
	11,184,676	**6,173,698**

1. **Investissement Quebec (IQ) and Development Economique Canada (DEC) loans**

   Investissement Quebec – CAD $7 million limit

   In April 2024, AEM Inc secured a CAD $7,000,000 loan from Investissement Quebec (IQ), to be disbursed in three tranches based on eligible expenses paid. The loan has an interest rate of 7.5% per annum, compounded monthly. If the Company is not in default, it will have a 24-month moratorium on interest repayment and a 36-month moratorium on capital repayment from the first disbursement. After this period, the loan will be repaid in 84 monthly installments of CAD $83,333, starting the month after the moratorium ends. The Company will pay IQ a royalty of 1.55% capped at an effective 15% IRR based on the consolidated annual sales of AET and AEM Inc. The loan is secured by a principal mortgage of CAD $7,000,000, plus an additional 20% mortgage on all current and future movable and immovable property of the Company and its guarantors, including intellectual property rights and patents. During the year the third and final drawdown under the IQ loan took place for $3.5 million CAD. As at 31 December 2025 the loan balance included capitalised interest was $8,223,481 AUD.

   Development Economique Canada – CAD $2 million limit

   In February 2024, the Company secured a CAD $2,000,000 loan from Development Economique Canada (DEC), disbursed in two installments. The loan is interest-free and will be repaid over 72 equal monthly installments, starting 36 months after the Project End Date. Before the second installment, the Company must grant the DEC a first-rank Pari Passu mortgage with Investissement Québec for $2,000,000, plus an additional 20% mortgage on all current and future real estate, including lot 6 247 914 in Sainte-Anne-des-Monts, and any buildings or attachments. Additionally, the Company must grant the DEC a first-rank Pari Passu mortgage with Investissement Québec for $2,000,000, plus an additional 20% mortgage on all current and future movable property, tangible and intangible, including intellectual property, insurance benefits, and proceeds from rental or sale of these properties. As at 31 December 2025 the loan balance was $2,181,500 AUD.

2. **Right of Use Liability**

   This liability relates to a new three-year Rental Lease agreement for the Montreal Head Office.

Note 22. Other current liabilities

	NOTE	CONSOLIDATED	
		31 DECEMBER 2025	31 DECEMBER 2024
CURRENT		**$**	**$**
Other Loans	a	26,832	23,390
3CI Loan	b	1,409,389	652,320
Lease Liability – Right-of-Use Asset – Current Portion	c	237,643	569,201
		1,673,864	**1,244,911**

(a) Other Loans – In 2024 this represents the Short-Term portion of the Ford Loan.

(b) 3CI Loan – In December 2025, AEM Canada Group Inc., a subsidiary, secured a loan amounting to CAD $1,250,000 secured against the 2025 3CI tax credit for working capital and general corporate purposes. The loan carries an interest rate of 15% per annum, compounded monthly, and is set to mature 12 months from the disbursement date. Advanced Energy Minerals Inc., AEM Technologies Inc., and Advanced Energy Minerals Ltd. serve as guarantors for this loan agreement. The loans are backed by a general and continuing collateral security agreement, a priority agreement among other lenders, and a first-ranking security interest in favour of the lenders, which includes the borrowers' present and future C3I tax credits. A similar loan in relation to the 2024 C3I credit was entered into in November 2024 for $652,000 AUD. This loan was repaid in May 2025.

(c) Lease Liability re Right of Use Asset – relates to a new three-year Rental Lease agreement for the Montreal Head Office.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 23. Current liabilities – employee benefits

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
	$	$
Employee Entitlements	378,156	118,897
Superannuation Payable	22,066	19,375
	400,222	**138,272**

Recognition and Measurement

Employee benefits

(a) Short-term obligations

Liabilities for employee benefits that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

(b) Other long-term employee benefit obligations

The Group's obligation in respect of long-term employee benefits other than defined benefit plans, such as long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. Expected future benefit payments are discounted using market yields at the end of the year on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(c) Retirement benefit obligations

Contributions are made by the Group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(d) Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 24. Deferred tax

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
DEFERRED TAX ASSET COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:	**$**	**$**
Unused tax losses for which no deferred tax asset has been recognised	19,761,756	14,535,160
Provisions & other Items	191,595	191,595
Unused tax credits for which no deferred tax asset has been recognised	1,098,742	1,098,742
	21,052,093	15,825,497
Potential tax benefit at 30% (2024: 30%)	6,315,628	4,747,649

The benefit of theses tax losses will only be realised if the Group derives further assessable income of a nature an amount sufficient to enable the benefit from deductions to be realised; the Group continues to comply with the conditions for deductibility imposed by the law; and no changes in tax legislation adversely affects the Group's ability in realising the benefit from the deductions.

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
NET DEFERRED TAX LIABILITIES RECOGNISED	**$**	**$**
Unused tax losses for which a deferred tax asset has been recognised (prior years)	(35,892,315)	(24,985,864)
Unused tax losses for which a deferred tax asset has been recognised (current period)	(16,459,605)	(10,981,057)
Fair Value Property Plant & Equipment	97,109,305	97,109,305
	44,757,385	61,142,384
Deferred tax liabilities at 26.5%	11,860,707	16,202,732

Deferred tax liabilities have not been recognised in respect of these items. The Group has sufficient carry forward losses to be able to offset any deferred tax liabilities arising.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 25. Issued capital

Issued and paid-up share capital

	CONSOLIDATED			
	2025 SHARES	2024 SHARES	2025 $	2024 $
Ordinary shares – fully paid	589,503,245	305,178,874	186,422,293	76,064,244

Movement in ordinary shares & convertible notes

DETAILS	DATE	SHARES	ISSUE PRICE $	$
Balance	**1/1/2025**	**305,178,874**		**76,064,244**
Issue of shares at $0.40 (Share-based payment for Contractors)	4/9/2025	1,299,366	0.40	519,746
Issue of Shares at $0.20 (Performance Rights Exercise)	12/9/2025	3,561,760	0.20	712,352
Issue of shares at $0.25 (Options exercise)	30/11/2025	833,587	0.25	208,397
Issue of shares re IPO of AEM Ltd at $0.53	18/12/2025	84,480,228	0.53	44,774,521
Cost of the IPO	18/12/2025	–	–	(4,243,094)
Issue of Shares at $0.33 (Conversion of 2023 Debentures)	18/12/2025	86,229,074	0.33	28,455,594
Issue of Shares at $0.37 (Conversion of 2024/25 Debentures)	18/12/2025	107,920,356	0.37	39,930,532
Balance	**31/12/2025**	**589,503,245**		**186,422,293**

Recognition and Measurement

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 26. Reserves

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
RESERVES	**$**	**$**
Foreign currency translation reserve	1,849,719	1,168,135
Share-based payment reserve	3,889,704	934,895
	5,739,423	**2,103,030**

Movements in each class of reserve during the current financial year are set out below:

	SHARE-BASED PAYMENT RESERVE	FOREIGN EXCHANGE TRANSLATION RESERVE	TOTAL
	$	**$**	**$**
Balance at 31 December 2023	**934,895**	**537,895**	**1,472,790**
Share-based payment	–	–	–
Foreign currency translation	–	630,240	630,240
Balance at 31 December 2024	**934,895**	**1,168,135**	**2,103,030**
Share-based payment	2,954,809	–	2,954,809
Foreign currency translation	–	681,584	681,584
Balance at 31 December 2025	**3,889,704**	**1,849,719**	**5,739,423**

Share-Based Payment Reserve Movements:

Movements of the share-based payment reserve during the current financial year are set out below:

			31 DECEMBER 2025
	NOTE	NUMBER	$
Opening Balance			934,895
Retention Performance Rights	1	6,950,000	144,848
2024 Performance Rights	1	4,270,715	89,008
2025 Performance Rights	1	3,221,319	39,986
Loyalty Rights	2	3,050,000	171,495
Deferred Share Units	3	2,272,175	1,204,253
JLM Options	4	4,224,010	1,305,218
Total			**3,889,703**

1. Retention rights, 2024 and 2025 Rights issued to AEM Ltd employee's which vest on different terms to employee's of AEM Ltd, these have been independently valued by Barrington Pty Ltd and expensed over the vesting period.
2. Loyalty Rights issued to AEM Ltd employees which vest to AEM Ltd employee's have been valued as per Black Scholes model and expensed over the vesting period.
3. Deferred Share Units issued to Director's of AEM Ltd have been valued at $0.53 per share. These vest on issue and have been expensed upfront.
4. Options issued to the Joint Lead Managers on the IPO.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Further details on the various Rights are provided below:

RIGHT	NUMBER	VALUATION	ISSUED DATE	VESTING DATE	BASIS	VESTING	VESTING DAYS
Retention Performance Rights	6,950,000	1,445,801	7-Nov-25	31-Mar-27	Performance Based	TSR vest after 30 April 2027	539
2004 Performance Rights	4,270,715	888,432	7-Nov-25	30-Apr-27	Performance Based	TSR vest after 30 April 2027	539
2025 Performance Rights	3,221,319	670,128	7-Nov-25	30-Apr-28	Performance Based	TSR vest after 30 April 2028	905
Loyalty Rights	3,050,000	1,618,500	7-Nov-25	31-Mar-27	Service Based	31 March 2027	509

The vesting of Performance Rights is based on the following performance conditions:

RELATIVE TSR OVER THE VESTING AND MEASUREMENT PERIOD	PROPORTION OF PERFORMANCE RIGHTS VESTED
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th and 75th percentile	Between 50% and 100% calculated on a pro rata linear basis
At and above the 75th percentile	100%

The valuation has been prepared in accordance with the principals of the Australian Accounting Standards Board, *Share-based Payment* ('AASB 2') which states the fair value of equity instruments granted shall be measured at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted. If market prices are unavailable, a valuation technique must be used to estimate the fair value, consistent with 'generally accepted valuation methodologies for pricing financial instruments:

- Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value. Instead these shall be taken into account by adjusting the number of equity instruments based on the number that eventually vest.
- 'Fair Value' is defined in AASB 2 as "the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.
- The Rights are considered to be 'share options' for the purpose of AASB 2 as the Holder, upon the Vesting Conditions being satisfied, has the right, but not the obligation to subscribe to the entity's shares at a fixed price (nil) for a specified period of time (up to the Expiry Date).
- The entity must also recognise 'an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest'.
- Bancorp has provided this 'best available estimate' on the amount of equity instruments expected to vest and the assessed fair value of the Rights by adopting a Market Model simulation and the Black-Scholes-Merton (BS) model as the basis of valuation.
- The date of the valuation for the Rights is the measurement date, which has been assumed to be the grant date.
- Assumptions for expected volatility, risk free interest rate, Peer group have been made to determine the valuation. The Assumptions are:
  - Expected Volatility: AASB 2 (section B27-30) states the basis upon which an unlisted entity may estimated the expected volatility. Section B29 has been applied in this valuation, with the historical volatility of similar listed entities has been considered. The weekly volatility over a five-year period has been calculated and a linear interpolation based on the market capitalisation of the peers and the Company (based on the AEM advised share price of A$0.44 per share) has been used to assess the volatility of 55% which has been applied for AEM in the valuation.
  - Risk Free Rate: Section B37 states that typically the risk-free rate is the implied yield currently available on zero-coupon government issues of the country in whose currency the exercise price is expressed, with a remaining term equal to the expected term of the option being valued (based on the option's remaining contractual life and taking into account the effects of expected early exercise) or a substitute typically used by market participants The risk fee rate applied, noting the Company is incorporated in Australia, meaning the shares are expected to be issued in AUD is 3.68%.
  - Peer Group: AEM has provided the Peer Group which comprises 12 companies listed on stock exchanges in the USA, Canada, Germany and Australia. Element Solutions; Cabot Corp; Ecovyst; IperionX; Kronos Worldwide; Alpha HPA; 5N Plus; Neo Performance Materials; Nabaltec; Baikowski; QPM Energy; Nano One Materials.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Recognition and Measurement

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity along with the Company's movement in its associate's foreign currency translation reserve.

Share-based payment reserve

The Share-based payment reserve records items recognized as expenses on valuation of share-based payments.

Note 27. Retained Earnings/(Accumulated losses)

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
	$	$
Accumulated losses at the beginning of the period	25,416,357	(23,563,006)
Profit (Losses) for the period	(28,662,719)	48,979,363
Retained Earnings/(Accumulated losses) at the end of the period	**(3,246,363)**	**25,416,357**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 28. Loss Per Share

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
	$	$
Basic and diluted loss per share have been calculated using:		
Net loss for the year attributable to equity holders of the Company	**(28,662,719)**	**48,979,363**

	NUMBER OF SHARES	NUMBER OF SHARES
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at the beginning of the year	305,178,874	163,927,232
Issue of shares at $0.25 (Options exercise)	–	6,952,110
Issue of shares at $0.18 (Options exercise)	–	2,378,082
Issue of shares at $0.20 (Share-based payment for salaries)	–	1,358,425
Issue of shares at $0.44	–	13,748
Issue of shares at $0.40	–	33,890,821
Issue of Convertible Notes to Vivent, equity in nature	–	11,678,396
Issue of shares at $0.40 (Share-based payment for Contractors)	423,629	–
Issue of Shares at $0.20 (Performance Rights Exercise)	1,083,165	–
Issue of shares at $0.25 (Options exercise)	73,082	–
Issue of shares re IPO of AEM Ltd at $0.53	3,240,338	–
Issue of Shares at $0.33 (Conversion of 2023 Debentures)	3,307,417	–
Issue of Shares at $0.37 (Conversion of 2024/25 Debentures)	4,139,411	–
Issue of shares at $0.40 to Vivent on Conversion	1,193,413	–
Conversion of Convertible Notes to Vivent, equity in nature	(1,193,413)	–
Weighted average number of ordinary shares at the end of the year	317,445,915	220,198,814
Basic and Diluted Loss Per Share	(9.03)	22.24

Note 29. Subsidiaries

NAME OF SUBSIDIARY	NOTE	COUNTRY OF INCORPORATION RESIDENCE	DATE OF INCOR-PORATION	PROPORTION OF OWNERSHIP INTEREST	
				2025	2024
AEM HPA (Australia) Pty Ltd	a	Australia	21/8/2018	0%	100%
A.E.M.I. Group Limited		Cyprus	20/5/2020	100%	100%
Advanced Energy Minerals (UK) Limited		UK	26/7/2020	100%	100%
Advanced Energy Minerals Japan G.K.	b	Japan	14/3/2025	100%	0%
AEM Canada Group Inc.		Quebec, Canada	2/3/2020	100%	100%
AEM Technologies Inc.		Quebec, Canada	19/10/2020	100%	100%
Advanced Energy Minerals Inc.		Quebec, Canada	22/12/2022	100%	100%

(a) AEM HPA (Australia) Pty Ltd was sold to CYK Limited on 7 November 2025.

(b) Advanced Energy Minerals Japan G.K established 14 March 2025 as the sales entity for AEM in Japan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 30. Parent Entity information

	31 DECEMBER 2025	31 DECEMBER 2024
ASSETS	**$**	**$**
Current assets	40,189,994	3,228,406
Non-current assets	187,032,703	115,147,051
Total assets	**227,222,697**	**118,375,457**
LIABILITIES		
Current liabilities	492,047	171,901
Total liabilities	**492,047**	**171,901**
EQUITY		
Issued capital	186,422,293	76,064,244
Reserves	8,065,228	934,895
Retained Earnings/(Accumulated losses)	32,243,130	41,204,417
Total equity	**226,730,651**	**118,203,556**

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2025 and 31 December 2024.

Capital commitments

The parent entity had capital commitments for property, plant and equipment related to plant upgrade in Canada of $4,438,190 AUD as at 31 December 2024 and nil as at 31 December 2025.

No dividends were received from subsidiaries in 2025 (2024: nil).

The Directors resolved that no dividend be paid for the year.

Recognition and Measurement

The financial information for the parent entity, Advanced Energy Minerals Limited has been prepared on the same basis as the consolidated financial statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 31. Key management personnel disclosures

Information regarding individual key management personnel's compensation and some equity instruments disclosures as required by the Corporations Act and Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report. Compensation paid to key management personnel during the year is set out in the table below.

	12 MONTHS TO 31 DECEMBER 2025	12 MONTHS TO 31 DECEMBER 2024
	$	$
Aggregate compensation	2,555,913	2,250,499
	2,555,913	**2,250,499**

	12 MONTHS TO 31 DECEMBER 2025	12 MONTHS TO 31 DECEMBER 2024
Cash	1,084,798	859,997
Equity-based compensation	1,471,115	1,390,502
Total	**2,555,913**	**2,250,499**

Note 32. Related Party disclosures

Parent entity – Advanced Energy Minerals Limited is the parent entity.

Subsidiaries – Interests in subsidiaries are set out in note 29.

Key management personnel – Disclosures relating to key management personnel are set out in note 31.

Transactions with related parties – The following transactions occurred with related parties:

		12 MONTHS TO 31 DECEMBER 2025	12 MONTHS TO 31 DECEMBER 2024
PAYMENT FOR GOODS AND SERVICES:	**NOTE**	**$**	**$**
Payment for Services from AG AVOCAT CONSEIL INC.	a	216,127	188,385
Total		**216,127**	**188,385**

(a) AG Avocats is a related party to Anthony Giammaria.
These transactions are all conducted on an arm's length basis for rendering of professional services.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	31 DECEMBER 2025	31 DECEMBER 2024
CURRENT PAYABLES	**$**	**$**
Trade payables to directors related entities	77,545	–
Total	**77,545**	**–**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Note 33. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd, the auditor of the Company, its network firms and unrelated firms.

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
	$	$
Audit services – HLB Mann Judd		
Audit or review of the financial statements	90,527	76,186
Other services – HLB Mann Judd	**17,622**	**–**

Note 34. Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2025 and 31 December 2024.

Note 35. Commitments and Contingencies

The Company does not have any commitments or contingent liabilities as at the reporting date.

Note 36. Financial Instruments

Financial risk management objectives and policies

The Group's financial instruments comprise deposits with banks, receivables, investments in financial assets, trade and other payables and from time to time short-term loans from related parties. The Group does not trade in derivatives or in foreign currency. The Group manages its risk exposure of its financial instruments in accordance with the guidance of the Board of Directors. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The primary responsibility to monitor the financial risks lies with the Managing Director, the Chief Financial Officer and the Company Secretary under the authority of the Board.

Climate related risks

The Group acknowledges that climate related risks have the potential to impact existing and proposed business operations of the Company. These risks include energy pricing risks, related to energy transition, and the input costs of key materials and labour related to climate impacts in key suppliers. Materials and labour related to climate impacts in key suppliers.

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Interest rate risk

The Group's exposure to market interest rates relates exclusively to cash and cash equivalents and is not considered a material risk. At balance date the Group's variable interest bearing financial instruments were:

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
FINANCIAL ASSETS	$	$
Cash and cash equivalents	39,823,506	2,927,098
	39,823,506	**2,927,098**

The Group did not have any variable market based interest bearing financial liabilities in the current or prior year.

The Group does not have interest rate swap contracts. The Group has two interest bearing accounts from where it draws cash when required to pay liabilities as they fall due. The Group normally invests its funds optimally to maximise the available interest rates. The Group always analyses its interest rate exposure when considering renewals of existing positions including alternative financing.

The following sensitivity analysis is based on the interest rate risk exposures at balance date. For the year ended 31 December 2025, if the interest rates had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	POST TAX LOSS (HIGHER)/ LOWER 2025	POST TAX LOSS (HIGHER)/ LOWER 2024	TOTAL EQUITY (HIGHER)/ LOWER 2025	TOTAL EQUITY (HIGHER)/ LOWER 2024
	$	$	$	$
+1% Higher Interest Rate'	398,235	29,271	398,235	29,271
-0.5% Higher Interest Rate'	(199,118)	(14,635)	(199,118)	(14,635)

The movements in the loss after tax are due to higher/lower interest earned from variable movement in the interest rate on cash balances.

Currency risk

The Groups functional currency is Australian dollars. The Group holds some cash in CAD$, some loans in CAD and some trade receivables/ payables denominated in CAD$.

The Group's gross financial position exposure to foreign currency risk at 31 December 2025 is as follows:

- CAD$888,789 ($969,447) cash at bank;
- USD $54,367 ($36,388) cash at bank;
- CAD$682,751 ($744,711) of trade and other receivables;
- CAD$2,409,361 ($2,628,011) of trade and other payables; and
- CAD$10,878,945 ($11,866,214) of Loans.

The Group's gross financial position exposure to foreign currency risk at 31 December 2024 is as follows:

- CAD$1,431,642 ($1,604,620) cash at bank;
- USD$ ($3,690) cash at bank;
- CAD$558,126 ($625,559) of trade and other receivables;
- CAD$2,345,014 ($2,628,349) of trade and other payables; and
- CAD$6,598,014 ($7,395,219) of Loans.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

The following significant exchange rates applied during the year:

	AVERAGE RATE		REPORTING DATE SPOT RATE	
A$	**2025**	**2024**	**2025**	**2024**
CAD$	0.90	0.90	0.92	0.89

The following sensitivity analysis is based on the exchange rate risk exposures at balance date. For the year ended 31 December 2025, if the exchange rate between the Australian dollar to the Canadian dollar had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

Judgement of reasonable possible movements:

	POST TAX LOSS (HIGHER)/ LOWER 2025 $	POST TAX LOSS (HIGHER)/ LOWER 2024	TOTAL EQUITY (HIGHER)/ LOWER 2025 $	TOTAL EQUITY (HIGHER)/ LOWER 2024
	$	**$**	**$**	**$**
+10% Higher AUD to CAD exchange rate'	2,420,976	1,920,983	2,420,976	1,920,983
-5% Lower AUD to CAD exchange rate'	(1,210,488)	(960,492)	(1,210,488)	(960,492)

The Group seeks to minimise currency risk through the alignment of the proportion of cash balances held in various currencies with forecast expenditures and the underlying currency denomination of those forecast expenditures.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group.

At balance date, the Group has available funds of $39,823,506 for its immediate use.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS
FINANCIAL LIABILITIES	**$**	**$**	**$**	**$**	**$**	**$**
31 December 2025						
Trade and Other payables	3,070,041	3,070,041	3,070,041	–	–	–
Lease Liabilities	966,106	966,106	–	237,643	728,463	–
Loans	11,892,434	11,892,434	–	1,673,864	10,218,570	–
Total	15,928,581	15,928,581	3,070,041	1,911,507	10,947,033	–

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS
FINANCIAL LIABILITIES	**$**	**$**	**$**	**$**	**$**	**$**
31 December 2024						
Trade and Other payables	2,957,724	2,957,724	2,957,724	–	–	–
Lease Liabilities	569,201	569,201	–	569,201	–	–
Loans	6,849,408	6,849,408	–	–	6,849,408	–
Total	10,376,334	10,376,334	2,957,724	569,201	6,849,408	–

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED	
	31 DECEMBER 2025	31 DECEMBER 2024
	$	$
Cash and cash equivalents	39,823,506	2,927,098
Trade and Other Recievables	1,889,981	1,143,188
	41,713,487	4,070,286

All financial assets and liabilities are current. The receivables primarily relate to the convertible note provided to Cape York Kaolin Limited and GST receivable balances. All other financial assets are not past due or impaired and the Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group except for the cash and cash equivalents described below. The cash and cash equivalents are held with Australian banks, which are rated AA- by S&P.

Capital management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio and ensure that the Group can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of cash levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Note 37. Segment

Segment information is presented in respect of the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period in that geographic region. For the year ended 31 December 2025, the Group had one segments, being the HPA Project.

Note 38. Events after the reporting period

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.

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CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 31 December 2025

ENTITY NAME	ENTITY TYPE	PLACE FORMED/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	TAX RESIDENCY
Advanced Energy Minerals Inc.	Corporation	Canada	100%	Canada
AEM Canada Group Inc.	Corporation	Canada	100%	Canada
AEM Technologies Inc.	Corporation	Canada	100%	Canada
A.E.M.I. Group Limited	Corporation	Cyprus	100%	Cyprus
Advanced Energy Minerals (UK) Limited	Corporation	United Kingdom	100%	UK
Advanced Energy Minerals Japan G.K.	Corporation	Japan	100%	Japan
Advanced Energy Minerals Limited	Corporation	Australia	Parent	Australia

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Key assumptions and judgements:

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency – The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency – The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

DIRECTORS' DECLARATION

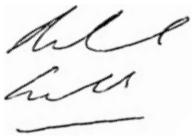
Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- at the date of this declaration, there are reasonable grounds to believe that the members of the Group will be able to meet any obligations or liabilities to which they are or may become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Board of Directors



Richard Seville
Chairperson

20 March 2026

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AUDITOR'S INDEPENDENCE DECLARATION

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Advanced Energy Minerals Limited for the year ended 31 December 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
20 March 2026

N G Neill
Partner

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INDEPENDENT AUDITOR'S REPORT

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REPORT
To the Members of Advanced Energy Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the 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 31 December 2025, the consolidated statement of profit or loss and other comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT CONTINUED

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Key Audit Matter	How our audit addressed the key audit matter
Goodwill **Refer to Note**	
As at 31 December 2025, the Group has a balance of $52,197,712 relating to Goodwill, which was acquired as part of a business combination. The Group is required to test Goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We consider this to be a key audit matter due to its importance to users' understanding of the financial statements, the degree of estimation involved in future cash flows discount rates and other inputs to the value-in-use model and the degree of audit effort directed towards this area.	Our audit procedures included but were not limited to the following: - Critically evaluating management's methodology in the impairment model and the basis for key assumptions; - Assessing the value-in-use model for consistency with the requirements of Australian Accounting Standards; - Comparing forecast cash flows to the latest Board approved forecasts; - Considering the appropriateness of the discount rate used; - Comparing value-in-use to the carrying amount of assets comprising the cash-generating unit; - Performing sensitivity analysis around the key inputs used in the cash flows forecasts and the headroom impact on the model; - Reviewing the mathematical accuracy of the model; and - Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

(b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

INDEPENDENT AUDITOR'S REPORT CONTINUED

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for such internal control as the directors determine is necessary to enable the preparation of:

(a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(b) the consolidated entity disclosure statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 31 December 2025.

In our opinion, the Remuneration Report of Advanced Energy Minerals Limited for the year ended 31 December 2025 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
20 March 2026

N G Neill
Partner

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 20 March 2026.

Distribution of Equity Securities

	31 DECEMBER 2025		
RANGE	TOTAL HOLDERS	UNITS	% UNITS
1 – 1,000	24	14,365	0.00
1,001 – 5,000	29	90,607	0.02
5,001 – 10,000	22	185,577	0.03
10,001 – 100,000	436	22,697,690	3.85
100,001 Over	491	566,515,005	96.10
Total	**1,002**	**589,503,244**	**100.00**

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

RANK	NAME	UNITS	% UNITS
1	VIVENT INITIATIVE LTD	84,984,925	14.42
2	RICHARD SEVILLE & ASSOCIATES PTY LTD <THE SEVILLE SUPER FUND A/C>	49,792,713	8.45
3	BEGRAND RESOURCES LTD	48,866,482	8.29
4	RICHARD EVANS	24,281,408	4.12
5	OCKLESTON NOMINEES PTY LTD <THE SEVILLE A/C>	19,282,193	3.27
6	NASSIF OBEID	14,949,337	2.54
7	PREMIER WATERPROOFING PTY LTD	14,266,771	2.42
8	FVM INVESTMENT NOMINEES PTY LTD <FVM INVESTMENT A/C>	10,000,000	1.70
9	AKTIENGESELLSCHAFT STOKETEN	9,242,250	1.57
10	GEORGE MUIRHEAD + STEPHANIE MUIRHEAD <MUIRHEAD FAMILY A/C>	7,400,000	1.26
11	STEVEN PETERSOHN	7,251,488	1.23
12	RENU BHATIA	7,080,302	1.20
13	CHINA AUTOMOTIVE HOLDINGS LIMITED	6,951,759	1.18
14	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	6,673,562	1.13
15	JULIAN PETER FORD	6,550,000	1.11
16	PALM BEACH NOMINEES PTY LIMITED	5,950,774	1.01
17	LAWRENCE ONE WORLD PTY LTD	4,550,931	0.77
18	STORMCLASSIC PTY LTD	4,335,577	0.74
19	MR DANIEL ROLAND PLANE	4,314,935	0.73
20	FUN SUPER PTY LTD <NICHOLAS WRIGHT S/F A/C>	4,251,106	0.72
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**340,976,513**	**57.84**
Total Remaining Holders Balance		**248,526,731**	**42.16**

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ADDITIONAL ASX INFORMATION CONTINUED

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

SHAREHOLDER	NUMBER OF SHARES HELD
Vivent Initiative Ltd	84,984,925
Richard Seville	69,074,906
Tim Fletcher	58,558,506

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

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CORPORATE INFORMATION

Directors

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

Company Secretary

Alexis Clark

Principal and Registered Office

3 Amy Close
Wyong NSW 2259
Australia

Email: aclark@aemhpa.com

AEM International Offices

Advanced Energy Minerals Inc.

Montreal Head Office & Technical Development Centre

AEM Canada Group Inc. & AEM Technologies Inc.

7220 Rue Frederick-Banting,
Saint-Laurent QC H4S 2A1
Canada

Email: info@aemcanada.com

Plant

80, Louis-Landry Street
Cap-chat Quebec G0J 1E0
Canada

Website

www.aemhpa.com

Share Registry

Computershare Investor Services Pty Limited

Level 17, 221 St Georges Terrace
Perth WA 6000
Australia

Telephone: 1300 850 505 (investors within Australia)

Telephone: +61 (0)3 9415 4000

Email: web.queries@computershare.com.au

Website: www.investorcentre.com

Auditor

HLB Mann Judd

Level 4, 130 Stirling Street
Perth WA 6000
Australia

Banker

ANZ Banking Corporation Limited

National Bank of Canada

Lawyers

Thomson Geer

Stock Exchange Listing

Advanced Energy Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: AEM)

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