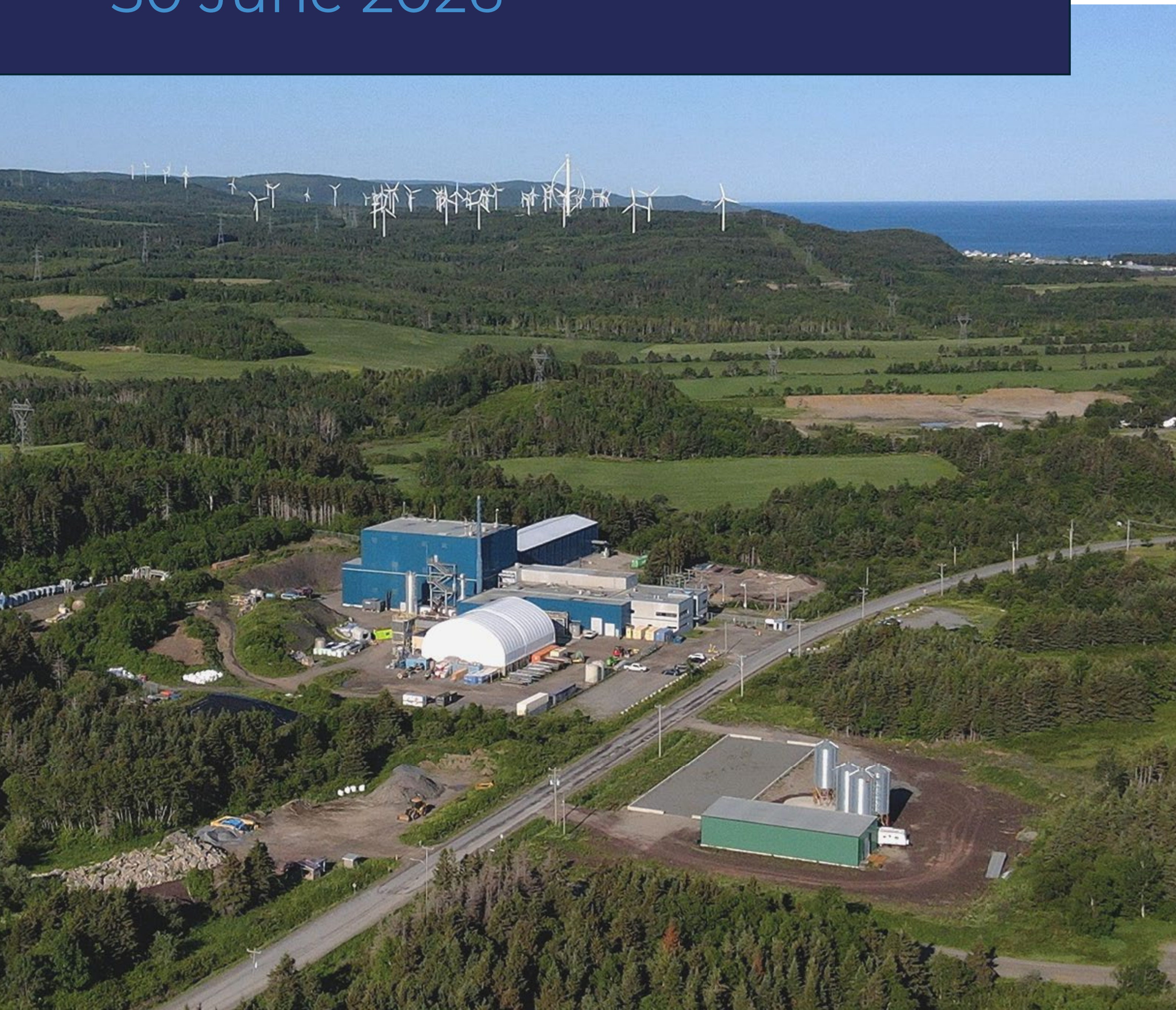
ADVANCED
ENGINEERED MATERIALS
LIMITED

(Formerly Advanced Energy Minerals Limited)

Interim Report
For the Half Year Ended
30 June 2026



Appendix 4D
Half Year Report for the Year Ended 30 June 2026

ASX Announcement
31 August 2026

Advanced Engineered Materials Ltd (ASX:AEM)
4D Half Year Report Highlights

Advanced Engineered Materials Limited (ASX: AEM),
The following is given to the ASX under listing rule 4.2A

1. Company details

Name of entity:	Advanced Engineered Materials Limited
ABN:	20 095 907 565
Reporting period:	For the half year ended 30 June 2026
Previous period:	For the half year ended 30 June 2025

Results for announcement to the market

Consolidated Group	Item				AUD
Revenue from ordinary activities	2.1	Up	84.9%	to	$459,518
Loss from ordinary activities after tax attributable to the owners of Advanced Energy Minerals Limited	2.2	Up	47.3%	to	$13,420,851
Loss for the half-year attributable to the owners of Advanced Energy Minerals Limited	2.3	Up	47.3%	to	$13,420,851

Dividend	2.4	N/A	Amount per Security Cents	Franked Amount per Security Cents
Final Dividend			Nil	Nil
Interim Dividend			Nil	Nil
Previous Corresponding Period Final Dividend Interim Dividend			 Nil Nil	 Nil Nil
Record Date for Determining Entitlement to the Dividend			Not Applicable	

NTA Backing	Current Period	Previous Corresponding Period
Net Tangible Asset Backing per Ordinary security	22.7 Cents	25.1 Cents

The attached Half Year Report which forms part of this Appendix 4D were subject to a review by the auditors and the review report is attached as part of the Interim Report.

Advanced Engineered Materials Limited
ABN 20 095 907 565

Interim Report

For the Half-Year Ended
30 June 2026

Directors' Report

30 June 2026

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Advanced Engineered Materials Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2026. On the 4th June 2026 the company changed its name from Advanced Energy Minerals Limited to Advanced Engineered Materials Limited.

Directors

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

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

Principal Activities

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

Advanced Energy Minerals Inc (100%)
Advanced Energy Minerals Inc is the holding company for our high purity alumina (HPA) operating companies, it has two subsidiaries:

1) AEM Canada Inc (“ACG”), which owns and operates our chemical plant in Cap-Chat, Quebec, Canada, and produces HPA for use in semi-conductors, advanced ceramics, the synthetic sapphire/LED industry, battery applications, and other associated products, and

2) AEM Technologies Inc (“AET”), with research and development facilities in Montreal, Quebec, Canada.

AEM Japan G.K (100%)
AEM Japan G.K is a sales entity in Japan for the AEM group. This entity is solely a sales arm of the business.

Dividends

There were no interim cash dividends paid or recommended during the period ended 30 June 2026 (2025: No dividends were paid or recommended).

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to $13,420,851 (30 June 2025: $9,111,052).

Overview

The half-year ended 30 June 2026 was the Company's first half-year reporting period as an entity listed on the Australian Securities Exchange, following its listing on 24 December 2025.

During the period, the Company continued to focus on customer development whilst operating its Cap-Chat Plant in Quebec, Canada, to satisfy customer requirements and build up stock levels or intermediate products from extended campaigns of key circuits. In addition, progress was made increasing capacity to complete Stage 1 and on the Stage 2 feasibility study as well as undertaking plant modifications to enable production of HPA that emits extremely low levels of alpha particle radiation (termed "ultra-low alpha HPA") to meet an emerging and strongly growing demand for such products from the global semiconductor industry.

Key highlights for the half-year, and to the date of this report, included:

- Sales of 12.5 tonnes for A$459,518 revenue (vs PCP of $248,486 revenue). These sales arose from orders of 17.6 tonnes for A$687,000, with 5.1 tonnes for A$227,482 outstanding for delivery in July.
- Production and Wages expenses are higher than the PCP due to higher production volumes and activity at the plant. Administration costs have risen slightly as expected as a listed company. Management is keenly focused on minimising costs and maximising efficiencies in the business.
- The customer pipeline increased to 210 projects on 30 June 2026 (38% more than on 31 December 2025) representing an un-risked aggregate demand for 5,500 tpa of HPA (c.15% higher) at an average price of US$29/kg (c. 7% higher), which translates into un-risked annualised value of approximately US$160 million (c. 23% higher than on 31 December 2025);
- completion of plant modifications at Cap-Chat to enable commercial-scale production of ultra-low-alpha HPA for the semiconductor sector;
- continued progress on the dedicated 1,000 tpa 3N5+ circuit, which will lift the Plant's nameplate capacity to 3,000 tpa;
- a collaboration with NeoCtech Corp to scale up and pilot rare-earth-doped nano high-purity alumina, supported by a CAD$800,000 grant from Next Generation Manufacturing Canada (NGen);
- continued progress on the Definitive Feasibility Study for the Stage 2 Expansion to 6,000 tpa;
- the change of the Company's name to Advanced Engineered Materials Limited, following shareholder approval at the 2026 Annual General Meeting (ASX code unchanged: AEM); and
- subsequent to the end of the period, a cooperation agreement with Zürcher Frères SA (ZFS) under which AEM will be the exclusive supplier of nano-particle HPA for ZFS's high-performance zirconia-alumina ceramics (announced 15 July 2026).

Sales and Marketing

The Company's sales and marketing activities in the period benefited from strong market tailwinds arising from:

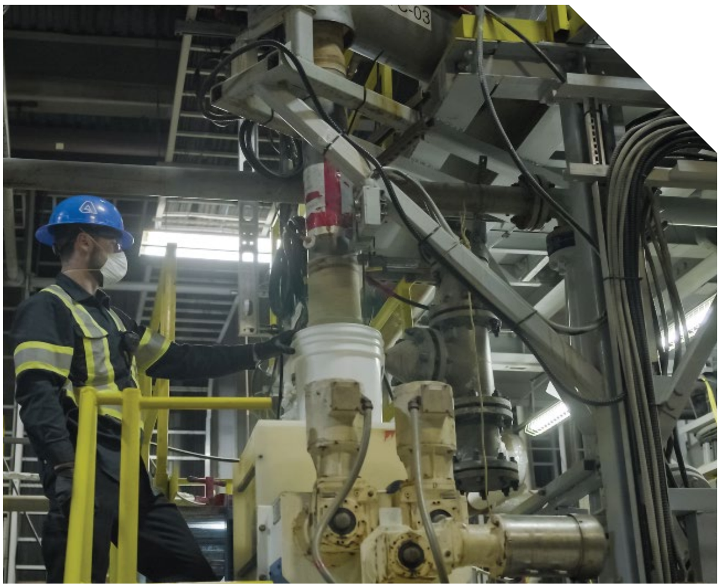
- → Rapidly growing demand for 4N+ HPA from the global semiconductor industry to meet the increasing performance requirements of AI and robotic applications. This growth in demand was, and is continuing to be, fuelled not only by the need for ultra-low alpha HPA for thermal management, but also by a move by the leading semiconductor producers to adopt 4N+ HPA for use in the tools (etching chambers, electrostatic chucks, nozzles, capillaries and carriers) used to fabricate and package leading edge semiconductors.
- → Ongoing realignment of industrial supply chains in response to new geopolitical conditions that has raised customer interest in the Company's products both in Western-aligned markets and in China.
- → Greater realisation amongst customers that the looming global supply shortage of HPA is now becoming a reality.

Helped by these tailwinds, the Company's commercial momentum continued to build through the period as it continued to identify new opportunities and convert existing opportunities from qualification stages into commercial relationships.

As at 30 June 2026, the Company's sales pipeline stood at 210 projects (c.f. 152 projects on 31 December 2025:), comprising 166 projects in laboratory trials, 28 in industrial trials and 16 in commercial relationships. On an un-risked basis, these projects represented a volume of approximately 5,500 tpa of HPA at an average price of US$29/kg, equivalent to an annual value of US$160 million. Compared with 31 December 2025, these represent approximate increases in volume, price and value of 15%, 7% and 23% respectively. Notably, the higher average price reflects a shift in product mix towards premium products, including ultra-low-alpha HPA. Pipeline projects span customers across North America, Europe, Japan, Korea, Taiwan and China. The Company continued to invest in its global sales capability through its in-house sales team and its network of distributors and agents.

Operations at the Cap-Chat Plant

During the half-year the Cap-Chat Plant operated to satisfy commercial customer requirements and customer qualifications whilst also building up modest stocks of intermediate products following extended campaigns to develop operating competencies and test out circuits such as decomposition (fluidised bed furnace and acid recovery) and calcination (tunnel kiln and robotic handling). The Company is very pleased with the performance of both these major parts of the plant's pyrometallurgical circuits. They are now well prepared for the expected increase in demand in the second half.



Modifications were completed during the period to enable commercial-scale production of ultra-low alpha HPA. Work also advanced on the dedicated 1,000 tpa 3N5+ circuit, scheduled to enter production in 2026, which will raise the Plant's nameplate capacity to 3,000 tpa, together with additional milling, drying and product-tailoring equipment matched to the evolving product mix.

Research and Development

The Company's Technical Development Centre in Montreal continued its programme of product and process innovation in close collaboration with customers. In May 2026 the Company announced a collaboration with NeoCtech Corp to scale up and pilot the production of nano high-purity alumina (nHPA) doped with rare earth elements recovered from end-of-life products, supported by a CAD$800,000 grant from NGen. Rare-earth-doped nHPA has potential applications across semiconductors, artificial intelligence and robotics, power electronics, defence and aerospace ceramics, advanced optics and catalysis; piloting will be undertaken at Cap-Chat at a scale of 10 kg/day for subsequent laboratory validation. The Company also continued to develop its nano-particle HPA and ultra-low-alpha product routes and to invest in additional analytical capability at its laboratories. The commercial potential of this work in advanced ceramics was further underlined after the end of the period, when the Company entered a cooperation agreement with Zürcher Frères SA (ZFS) for the exclusive supply of nano-particle HPA to ZFS's high-performance zirconia-alumina ceramics (announced 15 July 2026).

Stage 2 Expansion

The Company progressed the Definitive Feasibility Study (DFS) for its Stage 2 Expansion, which would add a further 3,000 tpa of capacity to take total nameplate capacity to 6,000 tpa from 2029. The DFS, which incorporates a revised scope integrating the expansion with the existing plant and product mix, is targeted for completion in the third quarter of 2026. The Stage 2 pre-feasibility study, independently reviewed by WSP with financial modelling verified by BDO, indicated robust project economics.

Corporate

Following approval by shareholders by special resolution at the Company's 2026 Annual General Meeting held on 29 May 2026, the Company changed its name from Advanced Energy Minerals Limited to Advanced Engineered Materials Limited. The change of name took effect on 4 June 2026 following approval by the Australian Securities and Investments Commission and was announced to the market on 13 July 2026. The new name better reflects the Company's business of producing value-added, high-purity engineered materials rather than commoditised minerals. The Company's ASX code remains unchanged (AEM).

Outlook

The Company remains focused on ramping production at the Cap-Chat Plant, completing the Stage 1 Expansion to 3,000 tpa, advancing the Stage 2 DFS, and converting its growing customer pipeline into commercial supply. These statements are forward-looking and subject to the risks, assumptions and disclaimers set out elsewhere in this report.

Significant Changes in the State of Affairs

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

Auditor's Independence Declaration

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

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

On behalf of the directors

____
Richard Seville
Director

31 August 2026
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Advanced Engineered Materials Limited for the half-year ended 30 June 2026, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

Perth, Western Australia
31 August 2026

D I Buckley
Partner

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General Information

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

Advanced Engineered Materials Limited is a listed public company on the Australian Securities Exchange (ASX) limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office
3 Amy Close
Wyong NSW 2259
Australia

Principal Place of Business
7220 Rue Fredrick-Banting
Saint-Laurent, QC H4S 2A1

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

The interim financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2026.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2026

		Consolidated	
	Note	**6 months to 30 June 2026**	**6 months to 30 June 2025**
Revenue	3	459,518	248,486
Other income	4	260,662	156,945
		720,180	**405,431**
Expenses			
Raw materials and consumables used		(633,920)	(316,136)
Employment expenses		(7,266,235)	(6,078,050)
Share Base Payments Expense	6	(1,492,704)	–
Depreciation and amortisation		(1,504,350)	(634,756)
Patent maintenance		(69,110)	(63,920)
Production expenses	5	(1,576,764)	(1,234,911)
Professional & Consulting Expenses	5	(1,719,633)	(1,467,568)
Corporate & Administration Expenses	5	(1,533,491)	(733,629)
Net finance income/(cost)	5	655,613	(501,804)
Total expenses		**(15,140,594)**	**(11,030,774)**
Loss before Tax		**(14,420,414)**	**(10,625,343)**
Income tax benefit	7	999,563	1,514,291
Net Loss for the Period		**(13,420,851)**	**(9,111,052)**
Other Comprehensive (Loss)/Profit			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations		(1,316,888)	11,430
Total Comprehensive Loss for the Period		**(14,737,739)**	**(9,099,622)**
Earnings per share:			
Basic and Diluted loss per share (cents per share)		**(2.28)**	(2.99)

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

Consolidated Statement of Financial Position

As at 30 June 2026

	Note	Consolidated	
		30 June 2026	**31 December 2025**
Current Assets			
Cash and cash equivalents	8	23,667,483	39,823,506
Trade and other receivables	9	543,280	1,889,981
Inventories	10	908,165	712,387
Other assets	11	1,284,110	704,406
Total Current Assets		**26,403,038**	**43,130,280**
Non-Current Assets			
Property, plant, and equipment	12	120,481,416	121,099,058
Intangibles	13	597,600	677,813
Goodwill	14	52,197,712	52,197,712
Other Receivables	15	1,479,066	–
Total Non-Current Assets		**174,755,794**	**173,974,583**
Total Assets		**201,158,832**	**217,104,863**
Current Liabilities			
Trade and other payables	16	1,835,953	3,070,041
Borrowings	17	1,738,451	1,673,864
Employee benefits	18	488,041	400,222
Total Current Liabilities		**4,062,445**	**5,144,127**
Non-Current Liabilities			
Borrowings	19	10,564,926	11,184,676
Deferred tax liability	20	10,861,143	11,860,707
Total Non-Current Liabilities		**21,426,069**	**23,045,383**
Total Liabilities		**25,488,514**	**28,189,510**
Net Assets		**175,670,318**	**188,915,353**
Equity			
Issued capital	21	186,422,293	186,422,293
Reserves	22	5,915,239	5,739,423
Accumulated losses	23	(16,667,214)	(3,246,363)
Total Equity		**175,670,318**	**188,915,353**

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

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2026

	Consolidated				
	Issued Capital	Retained Earnings/ (Accumulated Losses)	Share Based Payment Reserve	Foreign Exchange Translation Reserve	Total
	$	$	$	$	$
Balance at 1 January 2025	**76,064,244**	**25,416,357**	**934,895**	**1,168,135**	**103,583,631**
Loss for the period	–	(9,111,052)	–	–	(9,111,052)
Other comprehensive income for the period	–	–	–	11,430	11,430
Total comprehensive loss for the period	–	(9,111,052)	–	11,430	(9,099,622)
Shares issued during the year (net of costs)	3,288,779	–	–	–	3,288,779
Convertible Note Issued to Vivent – Conversion	(3,288,779)	–	–	–	(3,288,779)
Balance at 30 June 2025	**76,064,244**	**16,305,305**	**934,895**	**1,179,565**	**94,484,009**
Balance at 1 January 2026	**186,422,293**	**(3,246,363)**	**3,889,704**	**1,849,719**	**188,915,353**
Loss for the period	–	(13,420,851)	–	–	(13,420,851)
Other comprehensive loss for the period	–	–	–	(1,316,888)	(1,316,888)
Total comprehensive loss for the period	–	(13,420,851)	–	(1,316,888)	(14,737,739)
Shares Based Payments	–	–	1,492,704	–	1,492,704
Balance at 30 June 2026	**186,422,293**	**(16,667,214)**	**5,382,408**	**532,831**	**175,670,318**

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

Consolidated Statement of Cash Flow

For the half-year ended 30 June 2026

		Consolidated	
		6 months to 30 June 2026	6 months to 30 June 2025
	Note	$	$
Cash flows from operating activities			
Cash flows used in operating activities:			
Loss from continuing operations		(14,420,414)	(10,625,343)
Adjustments for:			
Depreciation		1,504,350	634,756
Non-cash net financial expenses		382,942	(1,176,741)
Share Based Payments		1,492,704	–
Sales taxes and other receivables		(132,366)	524,452
Inventory		(195,779)	(78,377)
Prepaid expenses and others		(579,705)	(2,625,731)
Accounts payable and accrued liabilities		(1,321,912)	(223,074)
Net cash (used in) operating activities		**(13,270,180)**	**(13,570,058)**
Cash flows from financing activities			
Proceeds from C3I Tax Credit		–	1,662,940
Proceeds from long-term debt		–	3,911,926
Repayment of long-term debt		–	2,706
Proceeds from the Issue of Debentures		–	15,255,923
Net cash from financing activities		**–**	**20,833,495**
Additions to Long Lead Items		–	7,471,070
Additions to property, plant and equipment		(2,898,554)	(12,909,518)
Additions to intangible assets		12,711	41,484
Net cash (used in) investing activities		**(2,885,843)**	**(5,396,964)**
Net (decrease)/increase in cash		(16,156,023)	1,866,473
Cash, beginning of period	**8**	**39,823,506**	**2,927,098**
Cash, end of period		**23,667,483**	**4,793,571**

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

Notes to the Consolidated Financial Statements

For the half-year ended 30 June 2026

Note 1. Corporate Information and Material Accounting Policy Information

Corporate Information

Advanced Engineered Materials Limited. (the 'company' or 'parent entity') is a company listed on the Australian Securities Exchange (ASX) incorporated in New South Wales, Australia with its Registered office at 3 Amy Close, Wyong NSW 2259, Australia and Principal Place of Business at 7220 Rue Fredrick-Banting, Saint-Laurent, QC H4S 2A1 Canada. On the 4th June 2026 the company changed its name from Advanced Energy Minerals Limited to Advanced Engineered Materials Limited.

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 30 June 2026 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2025 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Going Concern

For the half-year ended 30 June 2026, the consolidated entity's or (Group's) has incurred a net (loss) after tax of ($13,420,851) (2025: net (loss) after tax ($9,111,052)), a net cash outflow of $16,156,023 (2025: net cash inflow $1,866,473), was in a net asset position of $175,670,318 (Dec 2025: $188,915,353) and a cash and cash equivalents position of $23,667,483 (Dec 2025: $39,823,506) as at 30 June 2026.

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.

New or Amended Accounting Standards and Interpretations Adopted

In the half-year ended 30 June 2026, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period. The Directors have determined that there are no material impacts of the new and revised Standards and Interpretations on the group.

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

Significant Accounting Judgements and Key Estimates

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 31 December 2025.

Note 2. Operating Segments

Identification of Reportable Operating Segments

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

Note 3. Revenue

	Consolidated	
	6 months to 30-June 2026	6 months to 30-June 2025
	$	$
Revenue		
Revenue - Sale of HPA Products, point in time	459,518	248,486
	459,518	**248,486**

Note 4. Other Income

	Consolidated	
	6 months to 30-June 2026	6 months to 30-June 2025
	$	$
Other income		
Grant income (1)	205,834	143,372
Other	54,828	13,573
	260,662	**156,945**

1. Grant income relates to the receipt of a grant from Ngen and Employment training related grants from the Quebec Ministry of Employment.

Note 5. Expenses

	Consolidated	
	6 months to 30-June 2026	6 months to 30-June 2025
	$	$
Production expenses (1)	1,576,764	1,234,911
Net finance (income)/costs (2)	(655,613)	501,804
Professional & Consulting fees (3)	1,719,633	1,467,568
Corporate & Administrative Expenses		
a) Audit fees	78,750	94,858
b) Other Corporate & Administrative Expenses (4)	1,454,741	638,771
Total Corporate & Administrative Expenses	**1,533,491**	**733,629**

1) 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 volumes.

2) Finance Income includes interest on funds on deposit and costs include Interest on Convertible Debentures capitalised into the Debenture, Fair Value losses on the Embedded Derivative and other financing transaction costs.

3) Professional & Consulting fees include Accounting & Tax Consulting fees for Canadian subsidiaries, C3I and R&D Tax advice fees, Legal fees, Technical Engineering and IT consulting fees.

4) Other Corporate & Administrative Expenses include Directors' fees, D&O Insurance, Travel, Rent, and General Administration costs.

Note 6. Share Based Payments Expense

		Consolidated	
		6 months to 30-June 2026	6 months to 30-June 2025
	Number	$	$
Retention Performance Rights (1)	6,950,000	485,510	–
2024 Performance Rights (1)	4,270,715	298,342	–
2025 Performance Rights (1)	3,221,319	134,026	–
Loyalty Rights (2)	3,050,000	574,826	–
Deferred Share Units (3)	2,272,175	–	–
Total		**1,492,704**	**–**

1. Retention rights, 2024 and 2025 Rights issued to AEM Ltd employees which vest on different terms to employees 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 employees have been valued as per Black Scholes model and expensed over the vesting period.
3. Deferred Share Units issued to Directors of AEM Ltd have been valued at $0.53 per share. These vest on issue and have been expensed upfront.

Further details on the various Rights are provided below:

Right	Number	Valuation	Issue Date	Vesting Date	Basis	Vesting	Vesting Days
Retention Performance Rights	6,950,000	1,445,801	07-Nov-25	31-Mar-27	Performance Based	TSR vest after 30 April 2027	539
2024 Performance Rights	4,270,715	888,432	07-Nov-25	30-Apr-27	Performance Based	TSR vest after 30 April 2027	539
2025 Performance Rights	3,221,319	670,128	07-Nov-25	30-Apr-28	Performance Based	TSR vest after 30 April 2028	905
Loyalty Rights	3,050,000	1,616,500	07-Nov-25	31-Mar-27	Service Based	31-Mar-27	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%

Note 7. Income Tax

	Consolidated	
	6 months to 30-June 2026	6 months to 30-June 2025
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(14,420,414)	(9,099,622)
Tax at the statutory tax rate of 30%	4,326,124	2,729,887
Deferred tax asset not brought to account	(4,326,124)	(2,729,887)
Tax Benefit from Prior Year	999,563	1,514,291
Income tax benefit	**999,563**	**1,514,291**

Note 8. Current Assets — Cash and Cash Equivalents

	Consolidated	
	30 June, 2026	31 December, 2025
	$	$
Cash at bank and in hand	23,667,483	39,823,506
	23,667,483	**39,823,506**

Note 9. Trade and Other Receivables

	Consolidated	
	30 June, 2026	31 December, 2025
Current	$	$
Trade Debtors	123,805	196,671
GST/Sales Tax Receivable	419,475	256,234
CYK Loan Receivable	–	1,437,076
	543,280	**1,889,981**

Note 10. Inventories

	Consolidated	
	30 June, 2026	31 December, 2025
At Cost	$	$
Finished products	233,206	300,475
Intermediate product	494,899	273,632
Raw materials	180,060	138,280
	908,165	**712,387**

Note 11. Current Assets — Other

	Consolidated	
	30 June, 2026	31 December, 2025
Current	$	$
Prepaid Expenses (1)	1,284,110	536,975
Deposits	–	167,431
	1,284,110	**704,406**

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

Note 12. Non-Current Assets — Property, Plant and Equipment

	Consolidated	
	30 June, 2026	31 December, 2025
	$	$
Land and buildings	8,272,492	7,556,796
Less: accumulated depreciation	(1,047,679)	(729,047)
	7,224,813	**6,827,749**
Assets under construction, at cost	4,123,398	2,965,811
Less: accumulated depreciation	(4,750)	–
	4,118,648	**2,965,811**
Furnitures and IT – at cost	504,210	147,301
Less: accumulated depreciation	(189,283)	(146,374)
	314,927	**927**
Plant and equipment – at cost	114,206,999	117,650,113
Less: accumulated depreciation	(5,418,630)	(4,774,166)
C3I Tax Credit Offset	–	(1,622,854)
	108,788,369	**111,253,092**
Vehicles – at cost	137,208	90,763
Less: accumulated depreciation	(102,549)	(39,285)
	34,659	**51,478**
	120,481,416	**121,099,058**

Note 13. Intangibles

	Consolidated	
	30 June, 2026	31 December, 2025
Intangibles assets	$	$
Trade Name, Domain Name & Trademarks	61,613	65,712
Patents, at cost	957,737	1,021,461
Less: accumulated amortisation	(421,750)	(409,360)
	597,600	**677,813**

Note 14. Goodwill

	Consolidated	
	30 June, 2026	31 December, 2025
	$	$
Opening Balance	52,197,712	52,197,712
Closing Balance - Goodwill on Acquisition	**52,197,712**	**52,197,712**

Note 15. Other Receivables

	Consolidated	
	30 June, 2026	31 December, 2025
Current	$	$
CYK Loan Receivable (1)	1,479,066	–
	1,479,066	**–**

1. The loan note receivable from Cape York Kaolin (CYK) Limited is convertible into shares in CYK on the earlier of the listing of CYK on the ASX or the 5th November 2028. Based on this the loan has been moved from a current asset to non-current asset as the loan is expected to be repaid beyond a 12mth period.

Note 16. Trade and Other Payables

	Consolidated	
	30 June, 2026	31 December, 2025
Current	$	$
Trade Payables and accruals	1,835,953	3,070,041
	1,835,953	**3,070,041**

Note 17. Other Current Liabilities — Borrowings

	Consolidated	
	30 June, 2026	31 December, 2025
Current	$	$
Other Loans (a)	57,131	26,832
3CI Loan (b)	1,392,305	1,409,389
Lease Liability - Right of Use Asset - Current Portion (c)	289,015	237,643
	1,738,451	**1,673,864**

a) Other Loans -this represents the Short Term portion of the Ford Loan.

b) 3CI Loan- In December 2025, AEM Canada Group Inc., a subsidiary, secured loans amounting to CAD $1,250,000 for working capital and general corporate purposes. The loans were repaid in July 2026.

c) Lease Liability re Right of Use Asset — relates to the current portion of the Rental Lease agreement with Montreal Head Office.

Note 18. Employee Benefits

	Consolidated	
	30 June, 2026	31 December, 2025
	$	$
Employee Entitlements	436,915	378,156
Superannuation/Pension Payable	51,126	22,066
	488,041	**400,222**

Note 19. Non-Current Liabilities — Borrowings

	Consolidated	
	30 June, 2026	31 December, 2025
	$	$
IQ & DEC Loan	9,998,090	10,404,982
Lease Liability	531,907	728,463
Ford Loan	34,929	51,231
	10,564,926	**11,184,676**

Assets pledged as security

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

Note 20. Deferred Tax

	Consolidated	
	30 June, 2026	31 December, 2025
Potential deferred tax asset comprises temporary differences attributable to:	$	$
Unused tax losses for which no deferred tax asset has been recognized	21,176,196	19,761,756
Provisions & Other Items	191,595	191,595
Unused tax credits for which no deferred tax asset has been recognized	1,098,742	1,098,742
	22,466,533	**21,052,093**
Potential tax benefit not recognised at 30% (2025: 30%) (Australian Federal Tax Rate)	6,739,960	6,315,628

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

	Consolidated	
	30 June, 2026	31 December, 2025
Net Deferred tax liabilities Recognised	$	$
Unused tax losses for which a deferred tax asset has been recognized (prior years)	(48,251,026)	(35,892,315)
Unused tax losses for which a deferred tax asset has been recognized (Current Period)	(7,872,833)	(16,459,605)
Fair Value Property Plant & Equipment	97,109,305	97,109,305
	40,985,446	**44,757,385**
Deferred tax liabilities at 26.5% (Canadian Federal and Provincial Tax Rate)	10,861,143	11,860,707

Note 21. Equity — Issued Capital

	Consolidated			
	2026	2025	2026	2025
	Shares	Shares	$	$
Ordinary shares - fully paid	589,503,245	589,503,245	186,422,293	186,422,293

Note 22. Reserves

	Consolidated	
	30 June, 2026	31 December, 2025
Reserves	$	$
Foreign currency translation reserve	532,831	1,849,719
Share based payment reserve	5,382,408	3,889,704
	5,915,239	**5,739,423**

Note 23. Retained Earnings / (Accumulated Losses)

	Consolidated	
	30 June, 2026	31 December, 2025
	$	$
Retained earnings/(Accumulated losses) at the beginning of the period	(3,246,363)	25,416,357
(Losses) for the period	(13,420,851)	(28,662,719)
(Accumulated losses) at the end of the period	**(16,667,214)**	**(3,246,363)**

Note 24. Fair Value Measurement

The Companies assets and liabilities are not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Note 25. Contingent Liabilities and Commitments

The consolidated entity had no contingent liabilities or commitments as at 30 June 2026 and 31 December 2025. The consolidated entity had capital commitments for property, plant and equipment related to the plant upgrade in Canada of $3.7m CAD of commitments as at 30 June 2026 and nil at 31 December 2025.

Note 26. Related Party Payments

Payments were made to an entity AG Avocats Conseil Inc totalling $141,236 CAD for legal services provided in relation to the Convertible debentures conversion and 3CI loan. AG Avocats Conseil Inc is a related party to Mr Anthony Giammaria a Director of the company. These transactions are all conducted on an arm's length basis for rendering of professional services.

Note 27. Events After the Reporting Period

The following matters or circumstances have arisen since 30 June 2026 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

3CI Loan

On 16th July 2026 AEM received a 3CI tax credit from Revenue Quebec for $1,389,314 CAD and has repaid the outstanding loan of $1,378,739 CAD in relation to this credit on 31 July 2026.

Change of Company name

Following approval by shareholders at the 2026 Annual General Meeting and subsequent approval by the Australian Securities and Investments Commission, the Company changed its name to Advanced Engineered Materials Limited. The change of name was announced to the market on 13 July 2026. The Company's ASX code remains unchanged (AEM).

Cooperation agreement – Zürcher Frères SA

On 15 July 2026 the Company announced a cooperation agreement with Zürcher Frères SA (ZFS) of Switzerland, under which the Company will be the exclusive supplier of nano-particle HPA for ZFS's zirconia-alumina ceramics.

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

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

____
Richard Seville
Director

31 August 2026
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Advanced Engineered Materials Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the interim financial report of Advanced Engineered Materials Limited (the "Company") and its controlled entities (the "consolidated entity"), which comprises the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
31 August 2026

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