Australian
VANADIUM
LIMITED

2026 ANNUAL REPORT

ACN 116 221 740

Contents

Forward-Looking Statements

This document may contain certain forward-looking statements with respect to matters including but not limited to the financial condition, results of operations and business of Australian Vanadium Limited (AVL or the Company) and certain of the plans and objectives of AVL with respect to these items. These forward-looking statements are not historical facts but rather are based on AVL's current expectations, estimates and projections about the industry in which AVL operates and its beliefs and assumptions. Words such as "anticipates", "considers", "expects", "intends", "plans", "believes", "seeks", "estimates", "guidance" and similar expressions are intended to identify forward looking statements and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the industry in which AVL operates. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the control of AVL, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Such risks include, but are not limited to resource risk, metal price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which we sell our products, and government regulation and judicial outcomes. AVL cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which relate only to events as of the date on which the statements are made.

Corporate Information

ABN 90 116 221 740

Directors

Mr Cliff Lawrenson
Non-Executive Chair

Ms Jo Gaines
Non-Executive Director

Mr Daniel Harris
Non-Executive Director

Mr James McClements (appointed 1 April 2026)
Non-Executive Director

Ms Miriam Stanborough AM
Non-Executive Director

Mr Peter Watson
Non-Executive Director

Chief Executive Officer

Mr Graham Arvidson

Chief Financial Officer

Mr Tom Plant

Joint Company Secretaries

Mr Neville Bassett (resigned 1 April 2026)

Ms Sarah Wilson (appointed 1 April 2026)

Mr Louis Mostert

Registered Office and Principal Place of Business

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West Perth WA 6005
Telephone: +61 8 9321 5594
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Share Registry

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000

Telephone (Australia): 1300 288 664
Telephone (international): +61 2 9698 5414

Auditors

BDO Audit Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000
Telephone: +61 8 6382 4600

Stock Exchange Listing

Australian Securities Exchange
ASX: AVL

Acknowledgement of Country

Australian Vanadium Limited acknowledges the Traditional Custodians of the lands on which we work and we pay our respects to the Elders past and present. We celebrate the stories, traditions and the living cultures of Aboriginal and Torres Strait Islander people who also work and live on this land.

Chair and Chief Executive Officer's Letter

Dear Shareholders,

The 2026 financial year was an important period of progress for Australian Vanadium Limited. Across the business, we continued to build the foundations of an integrated Australian vanadium industry - one spanning critical mineral production, vanadium electrolyte manufacture and the deployment of energy storage solutions.

Global demand for critical minerals, sovereign supply chains and energy storage continues to reinforce the strategic relevance of the Company's position as one of very few companies participating across the vanadium value chain - from resource, to electrolyte, to battery deployment.

AVL now has three distinct but connected opportunities capable of creating substantial value for shareholders.

First, the Australian Vanadium Project remains the foundation of our business. The scale and quality of its Mineral Resource, together with its potential to produce high-purity vanadium products, provide AVL with exposure to the growing strategic importance of vanadium across energy storage, advanced manufacturing and defence applications.

During the year, we progressed the Optimised Feasibility Study, expanded its scope to address emerging demand for high-purity vanadium products, advanced environmental and heritage approvals, and continued our engagement with the Yugunga-Nya People - all directed towards strengthening stakeholder relationships and achieving development readiness while maintaining disciplined control of expenditure.

This work reflects an increasingly important reality: vanadium is not simply a steelmaking input. It is a strategic material with potential applications across large-scale energy storage, aerospace, defence and other advanced industries. This diversification strengthens the long-term relevance of the Australian Vanadium Project and expands the range of potential funding, offtake and development pathways available to the Company.

Second, we made significant progress in establishing AVL's midstream capability Our vanadium electrolyte manufacturing facility at Wangara is operational and has demonstrated that high-quality electrolyte can be manufactured in Western Australia and deployed in operating vanadium flow batteries (VFBs).

We also continued the qualification of our Western Australian-made electrolyte with leading international VFB manufacturers. Each successful qualification broadens the range of technologies and projects that AVL can potentially supply.

> **During the year, we introduced V-NOMAD™, our modular and relocatable vanadium electrolyte production platform. V-NOMAD™ is intended to reduce the cost and complexity of supplying electrolyte to large-scale projects while maximising local content and enabling production capacity to be deployed closer to end users. This represents an important piece of intellectual property and a potentially scalable commercial opportunity for AVL.**

In parallel, we advanced the development of an electrolyte leasing model. Because vanadium electrolyte is not consumed during operation and retains enduring residual value, it can potentially be owned and financed separately from the battery hardware. This could materially reduce the upfront capital required for VFB deployment while creating a new, scalable source of demand for AVL's vanadium products.

We also welcomed the Western Australian Government's decision to retain a nil royalty rate for vanadium electrolyte under its revised vanadium royalty framework, supporting the competitiveness of local electrolyte production and downstream VFB deployment.

Third, through VSUN Energy, we continued to advance a tangible pipeline of long-duration energy storage opportunities, led by the proposed 50 MW/500 MWh (10-hour) Kalgoorlie Vanadium Battery Energy Storage System (VBESS) project. The pipeline also includes potential large-scale projects being explored under our memorandum of understanding with Alcoa and other opportunities across the resources and broader energy sectors.

These opportunities are supported by Lumina™, our delivery architecture for utility-scale vanadium flow battery projects, and by relationships with leading technology, engineering, construction and investment partners. These include our long-standing collaboration with Sumitomo Electric, one of the world's most experienced VFB technology providers. Together, they demonstrate that VSUN Energy is progressing beyond market development towards assembling credible, investable projects.

Our target markets are those in which the intrinsic characteristics of vanadium flow batteries can create the greatest value. These include hot-climate regions, where safety and temperature resilience are critical; resources operations, where reliable, long-duration power can support greater renewable energy penetration and reduced dependence on diesel or gas; and AI data centres, where highly dynamic power demand is creating new challenges for both operators and electricity networks.

We are particularly excited by the emerging opportunity in artificial intelligence data centres. AI computing infrastructure can create rapid, repeated changes in electricity demand while also requiring exceptionally high levels of reliability and access to significant volumes of firm power. VFBs have the potential to perform multiple roles within this environment: absorbing frequent power fluctuations, supporting grid connection and demand-response obligations, providing long-duration backup and enabling greater use of renewable generation. Their ability to cycle repeatedly without meaningful degradation may become increasingly valuable as the energy demands of AI infrastructure grow. While this market is still developing, we believe it represents a compelling new application for AVL's technology, project delivery capability and integrated vanadium supply chain.

More broadly, electricity markets increasingly require storage that can operate safely and reliably for eight hours or more, cycle frequently, and retain performance over long asset lives. Vanadium flow batteries are particularly well suited to these duties. AVL's combination of upstream resources, electrolyte capability and downstream project development provides us with a differentiated platform from which to participate in this emerging market.

The broader market environment remained challenging during FY2026. Development-stage resource companies continued to face constrained capital markets, while vanadium pricing remained under pressure. These conditions reinforced the importance of prudent capital management.

Our strategy is therefore not dependent on advancing a mine in isolation. We are seeking to create value from multiple parts of the vanadium supply chain, with each capable of reinforcing the others. A large-scale battery project can establish demand for electrolyte; electrolyte production can establish demand for vanadium oxides; and the Australian Vanadium Project can ultimately provide secure, long-life supply of high-purity vanadium oxides. Progress in any one part of this model strengthens the commercial foundations of the whole.

In the year ahead, our priorities are clear: progress the Australian Vanadium Project towards development readiness; advance V-NOMAD™ towards commercial deployment; convert VSUN Energy's pipeline into investable projects; develop our presence in priority markets including resources-sector electrification, hot-climate energy storage applications and AI data centres; secure high-quality strategic and funding partners; and continue to manage the Company's capital carefully.

The progress achieved during FY2026 reflects the commitment and professionalism of our employees and contractors. Safety remains fundamental to how we operate, and we were pleased to record a Total Recordable Injury Frequency Rate of zero during the year, with no incidents reportable to regulators.

We also acknowledge the Traditional Owners and communities associated with the areas in which we operate, and thank our government, industry, research and commercial partners for their continued engagement.

Finally, we thank our fellow Directors and you, our shareholders, for your ongoing support.

AVL has assembled a differentiated combination of mineral resources, processing capability, energy storage expertise and strategic partnerships. Our task now is to convert those advantages into funded projects, sustainable revenues and lasting shareholder value.

We enter FY2027 with significant opportunities ahead of us, a clear understanding of the work still required and a strong determination to deliver.

Yours sincerely,

Cliff Lawrenson
Chair

Graham Arvidson
Chief Executive Officer

Executive Leadership Team

Australian Vanadium is led by a highly experienced Board and executive leadership team, and supported by skilled personnel across the business. The executive leadership team brings decades of experience across the minerals sector, with expertise spanning exploration, feasibility studies, project design and development, financing, construction and operations across a range of commodities, including vanadium, lithium, nickel, cobalt and gold. This depth and breadth of experience positions the Group well to execute its strategy and advance its projects through their next stages of development.

Graham Arvidson
Chief Executive Officer

BSc (Mech Eng), MBA, MSc (Mineral Economics), FIEAust CPEng, FAusIMM CPMet, PMP, GAICD

Mr Arvidson is Chief Executive Officer of Australian Vanadium Limited and has more than 20 years' experience leading the development, operation and commercialisation of resource businesses across the global mining industry.

His career spans the full mining value chain, including engineering, mineral processing, project development, operations, corporate strategy, commercial contracting and governance. He has successfully led projects from early-stage evaluation and feasibility through financing support, project delivery, operational readiness, production ramp-up and long-term operations.

Mr Arvidson has extensive executive experience and has built and led high-performing teams, negotiated major commercial agreements, driven operational turnarounds and developed strategic partnerships across Australia and internationally. His technical expertise includes vanadium, lithium and a range of other critical and industrial minerals.

He holds qualifications in engineering, mineral economics and business, is a Chartered Professional Engineer, Chartered Professional Metallurgist, Project Management Professional (PMP), and a Graduate of the Australian Institute of Company Directors.

Tom Plant
Chief Financial Officer

BCom, MBA, CA, MSc (Mineral Economics), Chartered Secretary, AGIA

Mr Plant is a highly experienced finance executive with over 30 years of corporate finance, mining and infrastructure experience. He has held senior finance and corporate development roles across ASX-listed resources companies and investment banking, with particular expertise in capital strategy, debt and equity financing, project finance, mergers and acquisitions, investment evaluation, treasury and financial risk management.

Mr Plant also brings significant infrastructure experience from his time with Macquarie Group, where he was involved in the financing, investment, acquisition and development of major infrastructure projects. This experience complements his extensive resources sector background and is particularly relevant to AVL's development of large-scale vanadium and energy storage projects.

Mr Plant is a Chartered Accountant and holds an MBA from INSEAD, a Master of Science (Mineral Economics) from Curtin University, a Bachelor of Commerce from The University of Western Australia and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Louis Mostert
Chief Legal and Commercial Officer and Joint Company Secretary

BEng (Hons), LLB (Hons), GAICD, FGIA

Mr Mostert is an experienced legal, commercial and governance executive with more than 25 years' experience across the resources, engineering and construction sectors. He has held senior leadership roles with ASX- and FTSE-listed companies and has extensive experience advising boards and executives on corporate governance, project development and financing, mergers and acquisitions, strategic transactions, dispute resolution, work health and safety, employment and industrial relations, and regulatory matters.

At AVL, Mr Mostert is responsible for the Company's legal, commercial and governance functions and supports the development and commercialisation of its vanadium, electrolyte and energy storage businesses.

Mr Mostert holds Bachelor of Engineering (Hons) and Bachelor of Laws (Hons) degrees from the University of Western Australia and a Graduate Diploma of Applied Corporate Governance. He is admitted as a barrister and solicitor of the Supreme Court of Western Australia, a Fellow of the Chartered Institute of Secretaries, a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors.

Todd Richardson
Chief Operating Officer

BSc (Chem Eng), MBA

Mr Richardson has more than 30 years of experience in the vanadium industry, encompassing project development, process design, commissioning, operations management and technical services in Australia and the United States. His experience spans the full vanadium value chain, including mining, concentration, refining, ferrovanadium, high-purity vanadium oxides, specialty products and vanadium electrolyte.

Since joining AVL in 2018, Mr Richardson has led engineering and development activities for the Australian Vanadium Project and has played a central role in the development of AVL's integrated pit-to-battery strategy, including the design, construction and operation of the Company's vanadium electrolyte manufacturing facility in Western Australia.

Our Strategy

Unlocking value from resource to energy

AVL's strategy is to create shareholder value through three complementary platforms spanning vanadium mining and processing, vanadium electrolyte manufacture and utility-scale vanadium flow batteries.Upstream, AVL is advancing the Australian Vanadium Project (Project) towards development readiness. Midstream, the Company manufactures vanadium electrolyte at its Wangara facility and is progressing V-NOMAD™, its modular and relocatable production platform designed to enable scalable, lower-cost electrolyte production. Downstream, through VSUN Energy, AVL is developing a pipeline of utility-scale VFB opportunities leveraging Lumina™, its delivery architecture for long-duration energy storage projects. Each platform offers a distinct pathway to value, while together they provide AVL with a differentiated, vertically integrated capability supporting secure vanadium supply chains and the growing global demand for safe, durable and reliable energy storage.

AVL's Three Value Platforms

UPSTREAM	MIDSTREAM	DOWNSTREAM
Australian Vanadium Project	**Electrolyte manufacturing**	**Energy storage (VSUN Energy)**
Vanadium mining and processing, advancing towards development readiness	Vanadium electrolyte manufacture at Wangara, scaling through V-NOMAD™	Utility-scale VFB deployments leveraging Lumina™ delivery architecture

FY2026 Principal Activities

- Advanced the Optimised Feasibility Study for the Project, including further metallurgical testwork and expanded scope for high-purity vanadium products
- Progressed environmental, heritage and other approvals towards development readiness at the Project
- Continued constructive engagement with the Yugunga-Nya People, government and other stakeholders
- Demonstrated Western Australian-made electrolyte in operating VFBs and progressed qualification with leading international manufacturers
- Advanced development of V-NOMAD™, AVL's modular, relocatable electrolyte production platform, and a vanadium electrolyte leasing model
- Signed a pre-bid agreement with long-standing collaborator Sumitomo Electric for the proposed Kalgoorlie VBESS project
- Lodged Stage One and, after year-end, Stage Two submissions in the WA Government's competitive process for the proposed Kalgoorlie VBESS project
- Advanced VSUN Energy's pipeline of long-duration storage opportunities, supported by Lumina™, VSUN Energy's utility-scale VFB delivery architecture

AVL's Competitive Advantages

- Three complementary value platforms, each offering an independent pathway to growth
- A globally significant vanadium resource in a Tier-1 jurisdiction, advancing towards development readiness
- V-NOMAD™ technology designed to enable scalable, lower-cost electrolyte production
- VSUN Energy's established expertise and pipeline of utility-scale VFB opportunities
- Lumina™ - an Australian-designed platform for safe, long-duration energy storage deployment
- Strategic technology, delivery capability and government relationships across Australia and key international markets

FY2027 Strategic Focus Areas

- Complete the Optimised Feasibility Study and advance remaining project approvals
- Progress offtake, funding and strategic partnerships for the Australian Vanadium Project
- Expand electrolyte sales and secure additional customer qualifications
- Advance V-NOMAD™ towards commercial deployment
- Grow and advance VSUN Energy's pipeline of Lumina™ opportunities across AI data centres, resource sector electrification and hot-climate markets, including the 50–80 MW VFB scoping study with Alcoa and the proposed Kalgoorlie VBESS project
- Strengthen Australian and international partnerships across AVL's three value platforms

See pages 22 to 31 for AVL's material business risks.

Our Values

As AVL advances its three value platforms across vanadium metals, electrolyte technology and energy storage, how we work remains as important as what we deliver. Our values guide how we develop opportunities, operate safely and responsibly, and build trusted relationships with our people, partners and communities.

Safety | **Integrity** | **Excellence** | **Respect** | **Collaboration** | **Honesty**

Operating and Financial Review

Operating and Financial Review

UPSTREAM	MIDSTREAM	DOWNSTREAM
Australian Vanadium Project	**Electrolyte manufacturing**	**Energy storage (VSUN Energy)**
Vanadium mining and processing	Vanadium electrolyte manufacture	Utility-scale vanadium flow batteries

FY2026 highlights

- Recorded a Total Recordable Injury Frequency Rate of zero.
- Expanded the scope of the Optimised Feasibility Study to assess high-purity vanadium oxide production for aerospace alloys, defence systems and advanced manufacturing applications.
- Received development approval from the Western Australian Planning Commission for the proposed processing facility at Tenindewa.
- Received approvals under Sections 45C and 43A of the *Environmental Protection Act 1986 (WA)* and submitted a revised Environmental Review Document, representing a key step towards securing the remaining environmental approvals.
- Introduced V-NOMAD™, AVL's modular and relocatable electrolyte production platform intended to reduce the cost and complexity of supplying electrolyte to gigawatt-hour-scale vanadium flow battery (VFB) projects.
- Continued development of Lumina™, VSUN Energy's delivery architecture for turnkey, utility-scale VFB projects tailored for Australia's energy markets and hot-climate conditions.
- Entered into a pre-bid agreement with Sumitomo Electric Industries, Ltd. (Sumitomo Electric) in relation to the proposed 50 MW / 500 MWh (10-hour) Kalgoorlie VBESS project, combining Sumitomo Electric's globally deployed vanadium flow battery technology with AVL's Western Australian vanadium supply-chain capabilities.
- Participating in the Expression of Interest process for the Western Australian Government's competitive process for the proposed Kalgoorlie VBESS project.
- Completed a $7.5 million institutional placement, including participation by AVL's largest shareholder, Resource Capital Funds, to advance the Company's integrated strategy. The placement received strong support from specialist institutional investors and strengthened AVL's institutional shareholder base.
- During FY2026, AVL secured a US$10 million secured loan facility with major shareholder Resource Capital Funds (RCF) and an RCF-managed fund, providing medium-term funding flexibility to advance priorities across the Company's three value platforms. The facility supported continued progress on the Optimised Feasibility Study and approvals for the Australian Vanadium Project, while also providing funding capacity for midstream and downstream initiatives, including Lumina™, V-NOMAD™ and VSUN Energy's broader pipeline of VFB deployment opportunities.

Upstream — Australian Vanadium Project

The Company's 100% owned Australian Vanadium Project (AVP or the Project) is a high-grade, multi-decade vanadium project located in the Tier-1 mining jurisdiction of Western Australia. As at 30 June 2026, the Project's Mineral Resource Estimate is 395.4 Mt at 0.77% V_2O_5, including a high grade domain of 173.2 Mt at 1.09% V_2O_5[1]. Within this domain, 105.4 Mt at 1.12% V_2O_5 is classified as Measured and Indicated. The Company continues to advance the development of the Project, which includes a mine site and a crushing, milling, and beneficiation plant (CMB plant or concentrator) located at Gabanintha, near Meekatharra, as well as a processing plant at Tenindewa, near Geraldton.

Optimised Feasibility Study

The Optimised Feasibility Study progressed to an advanced stage during the year. The study incorporates completed engineering work, regulatory requirements, stakeholder feedback and execution planning into a unified base-case design for the delivery of vanadium products to the VFB, aerospace, specialty chemicals and steel end markets.

Key workstreams progressed during the year included:

- expanded metallurgical campaigns refining recoveries and process stability, supported by complementary environmental and equipment test work to validate design parameters and operational performance;
- completion of in-fill geotechnical drilling supporting refined open pit design;
- completion of hydrogeological modelling integrated into staged dewatering strategies;
- completion of tailings and waste facility optimisation;
- completion of key plant and infrastructure refinements in consultation with relevant authorities and stakeholders;
- detailed definition of proposed long-term contracts including mining services, power and fuel supply arrangements; and
- incorporation of stakeholder engagement outcomes and feedback into engineering design workstreams, along with changes to better align with regulatory requirements, with these changes expected to reduce rework risk and maintain consistency between feasibility-level engineering and approvals documentation.

Preliminary capital and operating cost estimates were completed for the concentrator and processing plant, with value-engineering initiatives continuing to refine and optimise costs. Financial modelling and preparation of the final study report also progressed.

During the year, AVL expanded the scope of the study to assess the Project's capability to produce high-purity vanadium oxides. Global critical-minerals supply-chain opportunities are evolving, with growing emphasis on secure, certified, traceable and specification-compliant supply for aerospace alloys, defence systems and advanced manufacturing.

The additional scope includes assessing process design and operating strategies to enable the production of high-purity vanadium oxides, together with opportunities to scale production in line with potential demand. This work builds on the Project's established capability to supply the steel and VFB markets and is expected to support completion of the Optimised Feasibility Study in late 2026.

1. As released on ASX on 7 May 2024.

Approvals

A major regulatory milestone was achieved with the grant of development approval by the Western Australian Planning Commission for the proposed Tenindewa processing facility.

AVL also received amendment approvals under Sections 45C and 43A of the *Environmental Protection Act 1986 (WA)*. These approvals enabled the Company to progress integration of the revised Project configuration into its environmental approvals framework.

A revised Environmental Review Document was submitted during the March 2026 quarter, representing a key step towards securing the remaining Environmental Protection Authority approvals. Baseline environmental monitoring continued at Gabanintha and Tenindewa, including air quality, noise and water sampling.

The Company also extended the land-purchase option for the proposed Tenindewa processing plant site, preserving flexibility as regulatory, technical and funding milestones are progressed.

Royalty framework and critical-minerals engagement

During the year, the Western Australian Government announced a revised royalty framework for vanadium products. A flat royalty rate of 2.5% now applies to vanadium products produced in Western Australia, including vanadium oxides used in the manufacture of vanadium electrolyte, while vanadium electrolyte itself remains royalty-free.

The revised framework provides greater certainty over the royalty treatment of vanadium products and downstream processing.

U.S. Defense Industrial Base Consortium

AVL was accepted as a member of the United States Defense Industrial Base Consortium (DIBC), providing the Company with a formal pathway to participate in opportunities aimed at strengthening the U.S. defence industrial base and improving the resilience of critical supply chains.

The DIBC is a U.S. Government-sponsored consortium established to facilitate rapid research, prototyping and access to commercial solutions that address defence industrial-base priorities. Its areas of focus include strategic and critical materials and energy storage and batteries, providing a strong strategic alignment with AVL's integrated vanadium capabilities.

During the year, AVL participated in a DIBC process concerning critical-minerals supply chains and submitted a proposal focused on the potential development of allied supply chains for vanadium and long-duration energy storage, drawing on the Company's upstream vanadium resource, electrolyte production capability and vanadium flow battery activities. DIBC membership and participation provide AVL with access to potential U.S. Government funding and collaboration opportunities but do not, in themselves, represent a funding commitment or procurement outcome.

Traditional Owner engagement

AVL engaged with relevant Traditional Owner groups towards obtaining the necessary consents under the *Native Title Act 1993* (Cth) and to support ongoing heritage and environmental assessment obligations. During the period, AVL worked closely with the Yugunga-Nya Native Title Aboriginal Corporation RNTBC (the prescribed body corporate representing the Yugunga-Nya People (YNPBC)) through surveys, field programs and heritage monitoring activities, supporting appropriate consultation and statutory compliance. These activities reflect AVL's broader commitment to respectful and transparent consultation.

Midstream — Electrolyte Manufacturing

AVL's first high-purity vanadium electrolyte manufacturing facility, at Wangara in Perth, is operational and has demonstrated that high-quality electrolyte can be produced locally and deployed in operating vanadium flow batteries. The facility has the capacity to produce up to 33 MWh per year equivalent of high-purity electrolyte. Building on this capability, AVL continued to develop its midstream business through V-NOMAD™, its modular and relocatable electrolyte production platform.

Electrolyte manufacturing and qualification

Commercial and technical engagement with leading international VFB manufacturers, including qualification of AVL's Western Australian-made electrolyte, continued throughout the year.

Testing and analytical results supported the plant's demonstrated capability to manufacture electrolyte within the required specifications. AVL also progressed battery cycling and performance testing with multiple manufacturers, including preparations for longer-duration testing using larger volumes of electrolyte produced by the plant.

The qualification process is intended to establish AVL electrolyte as an approved product across multiple VFB systems; each successful qualification broadens the range of technologies and projects AVL can potentially support.

The Company also progressed planning for expansion of its electrolyte manufacturing capacity. Development work included refinement of design and economic estimates to align potential capacity with anticipated demand and VSUN Energy project opportunities, including possible opportunities associated with the proposed Kalgoorlie VBESS project.

During the year, AVL hosted representatives of the Western Australian Government, international delegations and industry participants at its manufacturing facility. These engagements provided a platform to demonstrate the Company's electrolyte manufacturing capability and strengthen relationships with government and industry stakeholders.

AVL also advanced development of an electrolyte leasing model. As vanadium electrolyte is not consumed or degraded in operation and retains residual value, it could be financed separately from the battery hardware, potentially reducing upfront VFB capital costs and creating new demand for AVL's vanadium products.

AVL also contributed to international standards-development activities for vanadium flow batteries. Company representatives participated in International Electrotechnical Commission working groups developing global standards relating to vanadium flow battery safety, design and performance.

DWER Director General, Alistair Jones, and Deputy Director General Climate and Sustainability, Emily Briggs, visit AVL's Electrolyte Facility

V-NOMAD™

During FY2026, AVL advanced the development of V-NOMAD™, its modular and relocatable electrolyte production platform designed to reduce the delivered cost of vanadium electrolyte by optimising feedstock, logistics and deployment architecture.

Through testing, engineering design and feasibility work, AVL is developing a flexible and scalable platform incorporating internally developed intellectual property and process approaches.

V-NOMAD™ is intended to convert vanadium feedstocks into finished electrolyte at or near the point of use, with the objectives of:

- reducing electrolyte transport, handling and storage requirements;
- maintaining required product-quality standards;
- supporting a range of vanadium feedstocks;
- reducing vanadium flow battery commissioning costs;
- maximising Australian content; and
- supporting efficient scaling for the requirements of individual projects.

The platform is being developed for potential use across both AVL-developed projects and third-party VFB installations, subject to further development, validation and commercial arrangements.

Sedgman was appointed to support detailed engineering, modularisation and execution-readiness planning as the technology progresses towards potential deployment.

The Company applied for a grant under the Western Australian Government's Investment Attraction Fund to progress the design and construction of an initial large-scale unit.

Render of V-NOMAD™ technology platform

Downstream — Energy Storage (VSUN Energy)

VSUN Energy, a wholly owned subsidiary, is advancing a tangible pipeline of long-duration energy storage opportunities, supported by Lumina™ and relationships with leading technology, engineering, construction and investment partners.

Sumitomo Electric collaboration

During FY2026, building on a long-standing collaboration, VSUN Energy entered into a pre-bid agreement with Sumitomo Electric in relation to the proposed Kalgoorlie VBESS project. The agreement brings together Sumitomo Electric's globally deployed VFB technology with AVL's Western Australian vanadium resource, electrolyte manufacturing capability and downstream project-development activities.

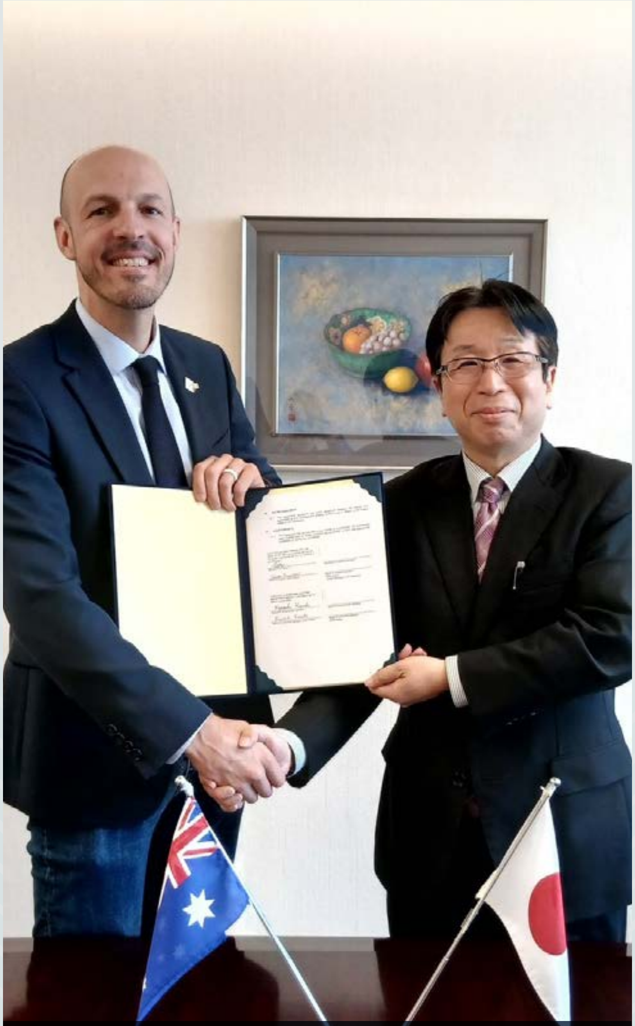
Sumitomo Electric, one of the world's most experienced VFB technology providers, has extensive experience in the design, manufacture and deployment of utility-scale systems. Its technology has been installed across a range of long-duration energy-storage applications and provides an established platform for the technical development of the proposed project.

Under the agreement, AVL, VSUN Energy and Sumitomo Electric are working together on the technical, commercial and delivery requirements for the proposed project. Activities include refinement of the system configuration and design, development of cost and schedule inputs, delivery planning, technical validation and risk-management workstreams.

AVL representatives also visited Sumitomo Electric's operations in Osaka and inspected utility-scale vanadium flow battery installations that have operated for extended periods. The visit supported detailed technical engagement between the parties and provided further insight into the operation, maintenance and long-term performance of Sumitomo Electric's technology.

The collaboration is also strategically aligned with the strengthening economic and critical-minerals relationship between Australia and Japan. By combining Australian vanadium resources and electrolyte production with Japanese VFB technology, the partnership provides an opportunity to develop a trusted Australia–Japan supply chain, increase Australian participation in battery manufacturing and reduce reliance on highly concentrated global battery supply chains.

The collaboration strengthens AVL's downstream capability and provides a framework for the parties to assess broader opportunities to deploy VFB systems in Australia, subject to the successful progression of individual projects and the agreement of appropriate commercial arrangements.



AVL CEO Graham Arvidson and Sumitomo's General Manager, Redox Flow Battery Division, Mr Kazuyuki Kamada

Lumina™

VSUN Energy continued the design and development of Lumina™, its delivery architecture for cost-effective, scalable, turnkey, utility-scale VFB projects tailored for Australia's electricity markets and hot-climate conditions.

Design activities during the year focused on improving cost, efficiency, scalability, constructability and execution readiness. The architecture is based on site-integrated storage, pumping, thermal-management and electrical systems, allowing the system to be configured for different power and duration requirements.

VFBs are particularly well suited to applications requiring frequent deep cycling and discharge of eight hours or more. The electrolyte does not experience the same cycle-related degradation as conventional battery cells and can be reused over the operating life of the system. The technology is non-flammable and does not present a thermal-runaway risk.

The potential deployment of projects using Lumina™ is intended to support VSUN Energy's progression from market development towards credible, investable projects. AVL continued targeted progression of utility-scale project opportunities during the year, with a focus on hot climate regions, resources operations, AI data centres and grid-connected applications.

Kalgoorlie VBESS

In November 2025, the Western Australian Government, through the Department of Energy and Economic Diversification, commenced a competitive two-stage Expression of Interest (EOI) process to refine the scope and delivery of the proposed Kalgoorlie VBESS project. The Government is seeking a 50 MW/500 MWh (10-hour) VFB solution under a build-own-operate model and has committed $150 million towards the project. The project forms part of the Government's broader strategy to strengthen power system security in Kalgoorlie and the Eastern Goldfields, support the adoption of long-duration energy storage technologies in Western Australia and help develop a domestic vanadium industry, creating skilled regional jobs and supporting a more resilient and diverse local economy.

In January 2026, AVL and VSUN Energy submitted a response to Stage One of the EOI process. Following the end of the financial year, in July 2026, AVL and VSUN Energy submitted their Stage Two proposal.

OTHER PROJECTS

Nowthanna Hill Uranium-Vanadium Project

The Nowthanna Hill Uranium-Vanadium Project is located 50 km south of Meekatharra in Western Australia and is hosted in carnotite within silicified calcrete layers and carbonate-rich sandy clays. Vanadium and uranium are co-mineralised at Nowthanna Hill. The project is located on granted mining lease M51/771 with an executed native title agreement. No new uranium mining is currently permitted in Western Australia.

Coates Nickel-Copper-PGE Project

The Coates Nickel-Copper-PGE Project is in the Coates Mafic Intrusive Complex near Wundowie, 80 km north-east of Perth in Western Australia. The AVL tenement at the Coates Project covers 11.66 km^2 over a southern extension of similar mafic-ultramafic rocks to the sequence that is host to the nickel-copper-PGE Julimar Project discovery by Chalice Mining Limited (ASX: CHN). AVL has a second, larger tenement under application.

Corporate

Equity Placement

In March 2026, AVL completed a $7.5 million placement to new and existing institutional, professional and sophisticated investors, with demand exceeding the initial target range. The placement comprised the issue of 28,846,736 new fully paid ordinary shares at $0.26 per share, representing an 11.7% discount to the five-day volume-weighted average price. AVL's largest shareholder, RCF Private Equity Fund I L.P. (RCF PE I), participated for $1.0 million. The proceeds supported the execution of the Company's integrated vanadium strategy, from resource to electrolyte manufacture to battery deployment. This included funding AVL's and VSUN Energy's participation in the competitive process for the Western Australian Government's proposed Kalgoorlie VBESS project, as well as the continued development of Lumina™.

Consolidation

In November 2025, following shareholder approval at the Company's 2025 Annual General Meeting, AVL completed a 25:1 consolidation of its securities. The consolidation was undertaken to simplify the Company's capital structure, improve trading quality and broaden the potential investor base, while leaving each shareholder's proportional ownership of the Company unchanged.

US$10 million loan facility secured

In September 2025, the Company entered into a US$10 million secured floating rate loan facility (RCF Loan Facility) with major shareholder RCF PE I and Resource Capital Fund (Cardinal) L.P., a Delaware limited partnership which is managed by RCF Management L.L.C. (together, RCF). Further information is provided in Note 11 to the consolidated financial statements.

Following a market sounding process, and having regard to availability, cost, certainty and timing, the AVL Board determined, in consultation with its financial adviser, that the RCF proposal represented the most favourable option for shareholders in the circumstances, noting RCF's alignment with the success of the business as a significant existing shareholder. The RCF Loan Facility forms an interim step within AVL's broader capital strategy, whilst the Company continues to progress its integrated vanadium strategy.

Board addition

Mr James McClements was appointed as a Non-Executive Director, effective 1 April 2026. Mr McClements is the co-founder and Managing Partner of Resource Capital Funds (RCF).

The Board confirms that Mr McClements' appointment is not associated with, nor conditional upon, RCF's shareholding or lending arrangements, and that he has not been appointed as a nominee of RCF.

Annual General Meeting

The Company held its Annual General Meeting on 20 November 2025. All resolutions were passed on a poll.

CEO Graham Arvidson with Hon Roger Cook MLA, Premier of Western Australia, and other participants at the Western Australian Global Energy Forum in Osaka, Japan

Outlook for FY2027

AVL's FY2027 priorities are to progress the Australian Vanadium Project towards development readiness, advance V-NOMAD™ towards commercial deployment, convert VSUN Energy's pipeline into investable projects, and secure strategic and funding partners while managing capital carefully. Delivery will depend on funding, approvals, customer commitments and market conditions, as discussed in the Risk section that follows. This outlook also reflects developments after 30 June 2026.

Upstream

Completion of the Optimised Feasibility Study, including its expanded high-purity vanadium scope, is targeted for late 2026. In parallel, AVL will progress the remaining environmental and heritage requirements, offtake discussions and funding work to move the Australian Vanadium Project towards development readiness. Any decision to proceed will remain subject to acceptable economics, approvals, commercial arrangements and a fully funded plan.

Midstream

AVL will continue qualification of its Western Australian-made electrolyte with leading international VFB manufacturers and pursue domestic and export supply opportunities. The Company will also advance V-NOMAD™ towards commercial deployment through further engineering, cost estimation and development of feedstock, customer and funding arrangements.

AVL and its advisers will also continue engaging with prospective investors and lenders on electrolyte leasing. Electrolyte can represent around 40–50% of VFB capital cost in long-duration applications, and leasing – already used at utility scale in China – could convert this upfront cost into an operating cost, improving VFB cost competitiveness in Australia.

Downstream

The proposed Kalgoorlie VBESS project remains an important near-term opportunity for AVL and VSUN Energy. AVL and VSUN Energy are continuing technical, engineering, commercial and delivery planning activities in support of the proposed project, including further development of system design, cost and schedule inputs and execution planning.

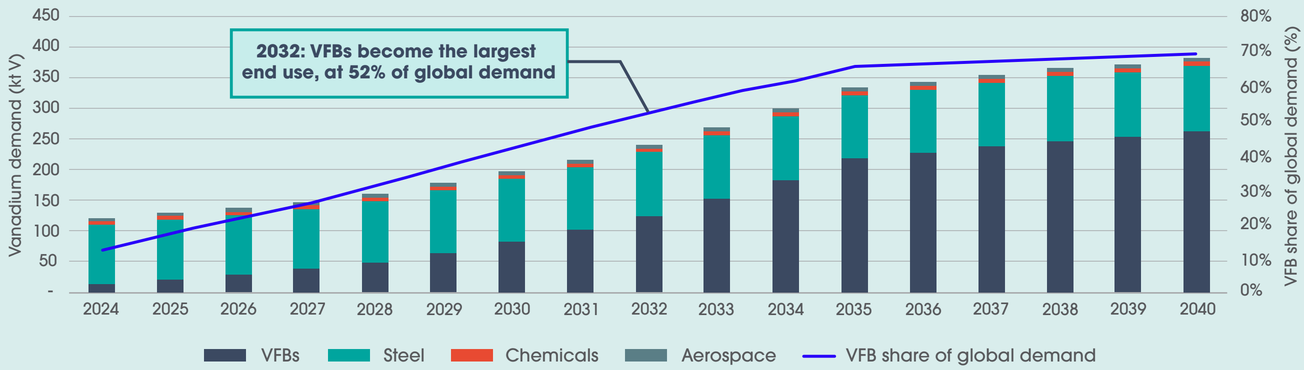
AVL and VSUN Energy will also continue to advance Lumina™ and other pipeline opportunities in resources-sector electrification, hot-climate applications and AI data centres. This includes working with Alcoa, under the non-binding memorandum of understanding announced in August 2026, to scope a potential 50–80 MW VFB with six to eight hours or more of storage duration at Alcoa's Western Australian refinery operations.

Vanadium market

Steel remains the largest current market for vanadium and the principal driver of near-term demand and pricing. CRU forecasts in its *Vanadium Special Report 2026* that VFBs will account for more than 90% of global vanadium demand growth to 2030 and become the largest end-use market for vanadium by 2032.

Prices remain under pressure, although CRU considers they bottomed in 2025 and forecasts a gradual recovery as battery demand, reduced production and inventory drawdowns move the market towards balance. Individual projects can create significant demand: AVL's indicative modelling suggests a 500 MWh VFB such as the proposed Kalgoorlie VBESS project would require approximately 2,200 tonnes of contained vanadium (around 4,000 tonnes of V_2O_5 equivalent), or 1.7% of CRU's estimated 2025 global supply.

CRU global vanadium demand by end use and VFB share of global demand



Source: CRU, *Vanadium Special Report 2026*

Long-duration energy storage market and policy

Market and policy frameworks are evolving to give long-duration storage projects the revenue certainty needed to attract long-term capital. Japan's Long-Term Decarbonisation Power Source Auction provides successful projects with capacity revenues, generally over 20 years; its May 2026 results included approximately 1.25 GW of battery storage, of which approximately 700 MW related to non-lithium-ion technologies, including VFBs. In the United Kingdom, Ofgem proposed in June 2026 to support 16 projects totalling approximately 7.6 GW under its cap and floor scheme across a range of storage technologies, including VFBs, with final decisions expected later in 2026. AVL will continue to engage with Australian policymakers on settings that could accelerate the uptake of long-duration storage.

New applications are also emerging: in May 2026, Invinity Energy Systems was selected to design a proposed 1.5 GWh VFB (scalable to 2.1GWh) for FlexBase's Technology Centre Laufenburg, an AI data centre and technology campus under construction in Switzerland.

Critical minerals and supply chains

The May 2026 Australia–Japan joint statement and the October 2025 Australia–United States framework identify opportunities for critical minerals investment, supply security and commercial cooperation. Australia's expanded $5 billion Critical Minerals Facility and $1.2 billion Critical Minerals Strategic Reserve signal a broader commitment to supply-chain resilience, although the reserve initially focuses on minerals other than vanadium. AVL's integrated Western Australian value chain, combined with Japanese VFB technology, is consistent with these strategic priorities.

Risk

The Board is responsible for ensuring that risks, including emerging risks, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks identified by the Board.

The Board sets the risk appetite and oversees the Group's risk management framework, supported by the Audit and Risk Committee.

The CEO is responsible for implementing effective risk management systems, controls and assurance activities to manage risk within the specified risk appetite.

Material business risks

There are specific risks associated with the activities of the Group and general risks that are largely beyond the control of the Group and the Directors. The Group faces the risks usually encountered by companies engaged in the evaluation and development of mining projects, in early-stage manufacturing and in the development of battery energy storage system projects. The risks are categorised as follows:

- Business risks
- Finance risks
- Market risks

This section provides a non-exhaustive summary of the material business risks and uncertainties that could materially affect AVL's ability to deliver its strategy and business plans, its financial and operating performance, the prospects described elsewhere in this Operating and Financial Review, and the market price of its shares. Where a risk is within the Group's control or influence, the summary also outlines how the Group manages it.

The table below lists the material business risks and the Directors' assessment of how each has moved during the year, by comparing assessed risk exposure at 30 June 2026 with 30 June 2025. 'Stable' and 'Increased' describe the change in exposure. 'New' identifies a separately presented risk category and does not necessarily mean the underlying exposure arose during FY2026. 'Consolidated' refers to the grouping of related disclosures, rather than a change in exposure.

Material business risk	Movement during FY2026
Business risks	
Development and financing of the Australian Vanadium Project	Stable
Approvals, government policy and legislative change	Stable
Offtake and product qualification	Stable
Technology scale-up and operating performance	Stable
VFB market development and energy policy	Stable (consolidated)
Conversion and delivery of VFB BESS projects	Increased
Reliance on strategic and technology partners	New
Mineral Resources, Ore Reserves and exploration	Stable (consolidated)
Title and tenure	Stable
Native Title, Aboriginal heritage and land claims	Stable
Environment	Stable
Climate change	Stable
Health and safety	Stable
People and key personnel	Stable
Supply chain and contractors	Stable
Cyber security and information technology	New
Litigation and disputes	Stable
Finance risks	
Future capital requirements and access to funding	Stable
Debt facility obligations	New
Grant funding conditions	Stable
Market risks	
Commodity prices and foreign exchange	Stable
Substitution	Stable
Competition	Increased

1. Business Risks

Development and financing of the Australian Vanadium Project

The Group's ability to develop and commercialise the Australian Vanadium Project (AVP or the Project) depends on a range of factors, including completion of the Optimised Feasibility Study (OFS), receipt of the remaining regulatory approvals, macroeconomic conditions, commodity prices, access to funding (both debt and equity), securing customer offtake, commissioning and ramp-up timing, cost control, and the plant performing to design. Inflationary pressures, interest rates and cost escalation in construction materials, equipment and labour may increase capital and operating costs beyond current estimates. Feasibility estimates remain subject to refinement and do not represent an approved or funded construction plan.

If these risks are not effectively managed, the Project may be delayed or not proceed as planned, deliver lower output or returns than expected, or cost more and take longer to construct than forecast. Any of these outcomes could adversely affect the Group's financial position and the Company's share price.

The Group manages this risk through staged and disciplined study work, value engineering, early engagement with contractors and equipment suppliers, and by progressing approvals in parallel with the OFS.

Approvals, government policy and legislative change

The Group requires numerous regulatory approvals and licences for the AVP, and any future VFB developments will require their own approvals, including electricity network connections. As at the date of this report, not all local, state and federal approvals for the Project have been obtained. Decisions, delays or additional conditions imposed by regulators can affect access to land and infrastructure, environmental compliance, capital and operating costs, construction and evaluation activity, and project schedules.

There is no assurance that all required permits, approvals, authorisations, agreements or licences will be granted or renewed when needed, or on acceptable terms. The timing and outcome of environmental, development and other approvals are inherently uncertain. Extended timeframes, or conditions imposed late in the process, could materially delay development, increase development and compliance costs, and affect the Group's ability to meet its schedule, secure financing or commence operations within planned timeframes.

Changes to government policy, laws, royalty settings, taxation or monetary policy in Australia or overseas may also affect the Group's operations, project economics and valuation. The Group engages with regulators and with government at local, state and federal levels, sequences its approvals program to protect the Project's critical path, and monitors legislative developments relevant to the vanadium and energy storage industries.

Offtake and product qualification: vanadium pentoxide, iron concentrate and vanadium electrolyte

There is no certainty that the Group will enter into acceptable binding offtake agreements (based on counterparty, tonnage or price) or do so in a timely manner. Offtake agreements may be entered into at lower prices than estimated and are subject to counterparty risk. Deterioration in Australia's trading relationships with potential offtake countries, or the application of trade tariffs or export controls, may adversely affect the Group's prospects of securing offtake agreements. Any of these circumstances may adversely affect the Group's financial performance and position, including through the Group generating less revenue than anticipated.

Sales of vanadium pentoxide (V_2O_5), iron concentrate and vanadium electrolyte may require product verification and qualification to customer specifications, and qualification may involve multiple parties across the supply chain rather than only the Group's direct counterparties. Supplying certified high-purity vanadium oxide products for aerospace, defence and advanced manufacturing applications, which the Group is assessing as part of the OFS, would involve additional certification and accreditation processes with timeframes that are largely outside the Group's control. Failure to qualify, or delays in qualification or certification, could defer sales, increase costs and reduce revenue and profit relative to plan. Successful qualification does not guarantee customer orders or sales terms that support project financing. The Group manages this risk through early engagement with prospective customers and original equipment manufacturers (OEMs), ongoing test work and analytical verification of product quality.

Technology scale-up and operating performance

The Group's work programs and cash use forecasts rely on assumptions about the scope and timing of metallurgical test work, technical and feasibility studies and evaluation activities. These assumptions are inherently uncertain, and actual costs and schedules may differ materially. Project studies also depend on economic inputs such as commodity prices, metallurgical recoveries, product specifications and market testing, and unfavourable inputs may delay, defer or prevent completion of studies, or result in negative economics.

There is no assurance the Group will achieve commercial viability through the successful mining and processing of its mineral interests, the operation and expansion of its vanadium electrolyte manufacturing facility, or the development and deployment of VFB energy storage solutions by VSUN Energy. Until the Group realises value from its projects, it is likely to incur ongoing operating losses and negative operating cash flows.

The Company has successfully piloted each element of the Project's flowsheet and continues to pursue value and technical improvements at laboratory and pilot-plant scale with preferred OEMs and technology partners. Nevertheless, scale-up from pilot to commercial operations carries risk: operating parameters and costs may vary, commissioning may take longer than expected, and additional capital or design changes may be required to achieve nameplate performance. Investment in the Company should be considered in light of the risks, expenses and difficulties frequently encountered by companies at this stage of development.

Commercial deployment of V-NOMAD™ will depend on engineering, design and validation work supporting confidence in reliable production at the proposed scale, consistent electrolyte quality and acceptable costs. Feedstock characteristics, equipment performance, customer qualification and the timing of firm demand may affect the design, cost and timing of deployment.

VFB market development and energy policy

The Australian VFB market is still at an early scale-up stage and the broader energy storage sector is evolving rapidly. Future demand, grid-scale technical and economic performance, and achievable revenues and operating costs remain uncertain. Similar uncertainties exist in international markets outside China, where the adoption of VFB technology in grid-scale energy storage also remains at an early stage. Demand from emerging applications, such as AI data centres, is still developing.

The Group's downstream strategy of deploying VFBs in grid connected applications through VSUN Energy depends on stable and transparent policy settings and market rules governing how storage connects to the grid and is paid for its services. Australia's energy markets, including the National Electricity Market and Western Australia's Wholesale Electricity Market, continue to evolve. Changes to market design, government policy settings and incentives, and competition from alternative storage technologies may materially affect the pace and scale of adoption relevant to AVL's business, as well as project timing, bankability and returns for long-duration storage.

Revenue streams available to battery projects are dynamic and are expected to continue evolving as electricity markets and policy settings develop through the energy transition. Future project revenues may depend on a combination of electricity price differences between charging and discharge, capacity payments, system service revenues and other market mechanisms, creating uncertainty for investment and financing decisions. Higher charging costs, lower or less certain revenues, increased competition, changes in market design, dispatch and availability obligations, network constraints and limits on providing services simultaneously could reduce project returns and the level of debt a project can support. Failure to meet contractual or market obligations may also result in penalties.

The Group monitors policy developments and engages with regulators, market bodies and customers, including through its participation in the development of Australian and international standards for VFB technology. Commercial models are structured to remain flexible (for example, capacity, availability or tolling-style arrangements) so that they can accommodate changes in market design and incentives where practicable. Nonetheless, the timing, scope and financial effects of future changes are uncertain and may adversely affect project pipelines, margins, cash flow and earnings.

Conversion and delivery of VFB BESS projects

Through VSUN Energy, the Group is advancing a prospective pipeline of VFB energy storage projects in Australia, including opportunities supported by government initiatives and private-sector project development. The Group's prospective projects are at an early stage and none has reached a final investment decision or secured binding long-term revenue contracts.

Government procurement and other competitive tender processes are inherently uncertain. There is no assurance that the Group will be shortlisted or selected as a preferred proponent in any tender, that negotiations with a procuring authority will conclude on acceptable terms, or that a project will proceed to award, financial close and construction. Preparing bids involves significant cost and management time that may not be recovered if a bid is unsuccessful.

Commercialisation also depends on the Group's ability to secure bankable customer agreements (for example, capacity, availability or tolling-style services), suitable sites, required approvals and grid connections, to achieve performance and acceptance milestones, to access equipment and integration services, and to arrange financing on acceptable terms. Where projects are delivered under a build-own-operate model, the Group would also assume construction, commissioning, long-term performance and operating obligations. Delays, lower than expected pricing, more onerous performance guarantees or counterparty credit issues could defer or prevent project conversion, increase costs and reduce returns. Failure to convert the prospective pipeline into operating BESS assets would adversely affect the Group's business, financial performance and prospects.

Achieving grid connection and commercial operation also depends on technical studies, compliance with applicable performance requirements, commissioning and market registration. Delays, network constraints or operating restrictions could increase development costs, delay revenue or reduce the capacity a project can deliver.

Reliance on strategic and technology partners

The Group's downstream strategy relies on relationships with third-party technology and delivery partners, including VFB OEMs, engineering contractors and systems integrators. The Group does not manufacture VFB cell stacks and depends on its partners for battery technology, performance warranties and delivery capability. During the year, VSUN Energy entered into a pre-bid agreement with Sumitomo Electric Industries, Ltd. under which Sumitomo Electric will provide VFB technology, engineering and support services for the Kalgoorlie VBESS Expression of Interest process, with VSUN Energy acting as lead proponent.

If a key partner underperforms, withdraws, experiences financial difficulty, or is affected by supply constraints or trade restrictions, or if commercial terms cannot be agreed or renewed on acceptable terms, project delivery, cost and bankability may be adversely affected. Supplier warranties may not fully cover the Group's whole-system performance obligations or long-term maintenance and component replacement costs. The Group manages this risk by maintaining relationships with a number of OEMs and technology providers, undertaking joint technical and commercial planning with its partners, and seeking contractual arrangements that align incentives across the delivery chain.

Mineral Resources, Ore Reserves and exploration

Mineral Resource and Ore Reserve estimates are professional judgements based on available data, modelling and assumptions. They are inherently uncertain and may change as new information, techniques or interpretations emerge. Actual results can differ, positively or negatively, from current estimates and assumptions. Changes to estimates or assumptions may require updates to mine plans, development timing and economics, which could affect the Group's operations, financial performance and share price.

The Group engages independent Competent Persons to prepare public Mineral Resource estimates in accordance with the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and Chapter 5 of the ASX Listing Rules. Estimates are reviewed and updated as assumptions change and as new information, such as additional drilling, sampling, test work and reconciliation data, becomes available.

The Group's exploration and evaluation activities are subject to the uncertainties associated with all sampling techniques and the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data, as well as the hazards typically encountered in remote areas, including severe weather and heat, access and logistics constraints, and health and safety risks from operating plant and vehicles.

Title and tenure

Mining and exploration tenements are granted under state legislation and evidenced by leases or licences. The Group holds mineral tenure for the Project, while development also depends on any outstanding tenure applications, land acquisition or access arrangements and statutory approvals. Each tenement has a fixed term and conditions, including minimum expenditure, reporting and other compliance obligations. Renewals are made by application and are not automatic. While AVL expects to be able to satisfy the conditions for renewal of granted licences and leases, there is no guarantee that a renewal will be granted other than in accordance with the applicable state mining legislation. Regulators may impose new conditions, require partial relinquishment of ground or, in some cases, refuse renewal if obligations are not met.

Failure to comply with tenure conditions or expenditure commitments could result in penalties or the reduction or loss of title. This may delay or prevent development, increase costs and adversely affect the Group's financial performance. The Group monitors compliance with tenure conditions and expenditure commitments through its tenement management processes.

Native Title, Aboriginal heritage and land claims

Parts of AVL's projects may be subject to Native Title rights or claims, as well as protections for Aboriginal cultural heritage under applicable Commonwealth and Western Australian laws. Progressing from exploration to development and mining may require agreements with Traditional Owners, cultural heritage surveys and specific approvals. Areas of cultural significance may be restricted from disturbance, and additional conditions may apply. Delays, restrictions or objections arising from Native Title or heritage matters could affect the timing, cost and scope of planned activities.

AVL continues to work with Traditional Owners to identify and manage cultural values, including through surveys undertaken with appointed representatives and the development of Cultural Heritage Management Plans for the regions where work is proposed.

Environment

The AVP and VSUN Energy's future VFB deployments are subject to environmental laws and regulations, including requirements relating to approvals, consents, rehabilitation and closure. While the Group aims to operate responsibly and comply with all requirements, breaches or incidents could result in penalties, remedial costs, operational restrictions and reputational damage. New or stricter environmental laws, regulations or enforcement policies may increase compliance costs or require additional investment. The timing and impact of any changes are uncertain and could be material.

The Group conducts baseline environmental monitoring programs across its sites, incorporates environmental considerations into project design and engineering, and engages with regulators throughout the approvals process.

Climate change

Climate-related factors may affect the Group's proposed operations, development schedule and financial position. The key risks include:

- *Transition risks (policy and market):* new or expanded requirements associated with the move to a lower-carbon economy, such as carbon pricing, emissions and sustainability reporting obligations, environmental taxes or penalties, and changes to permitting and market design, may increase compliance costs or constrain operating flexibility at local, state, federal or international levels. As mandatory climate-related financial disclosure requirements phase in under the Australian Sustainability Reporting Standards, the Group's reporting obligations and associated costs are expected to increase. The timing, scope and financial effect of potential changes are uncertain, and the cost of compliance cannot be reliably estimated at this time.
- *Physical climate risks:* climate change may increase the frequency and severity of extreme heat and other adverse weather events, which could damage assets, disrupt construction and operations, and affect logistics and supply chains. For the Group's proposed mining and processing operations, prolonged or extreme heat may affect workforce productivity and equipment performance, increase operating and maintenance costs, and result in temporary restrictions or interruptions to activities. VFBs are well suited to hot-climate applications, and temperature resilience is one of the characteristics supporting the Group's focus on these markets. However, extreme weather events may still affect supporting infrastructure, construction, maintenance and site operations. These risks cannot be fully predicted or eliminated.

The Group monitors climate-related developments, incorporates climate resilience into project and product design (including VFB configurations tailored for hot-climate conditions) and is establishing the systems required to support its future sustainability reporting.

Health and safety

Exploration, construction, manufacturing and operating activities involve hazardous environments. Injuries, illnesses or serious incidents involving employees or contractors could lead to harm, regulatory action, fines, higher insurance and operating costs, delays, loss of licences and reputational damage. Insurance, where available, may not cover all losses and is subject to policy limits and exclusions. The Group maintains safety management systems and emergency response arrangements appropriate to its activities, monitors safety performance, and promotes a culture in which safety comes first across its sites.

People and key personnel

Responsibility for overseeing the day-to-day operations and strategic management of the Group rests heavily on its senior management and key personnel. The loss of key employees or high turnover could result in the loss of knowledge and expertise and reduced productivity, which may have a detrimental impact on the Group, the Project, future VFB BESS projects and the Group's ability to meet its strategic objectives. Competition for skilled personnel in the Western Australian resources and energy sectors is strong, and the Group may face increased labour costs or difficulty attracting and retaining the people required as it moves toward development and delivery. The Group manages this risk through succession planning, competitive remuneration structures, including equity-based incentives, workforce planning aligned to its project schedule, and by actively seeking to maintain a positive workplace culture focused on engagement, collaboration and retention.

Supply chain and contractors

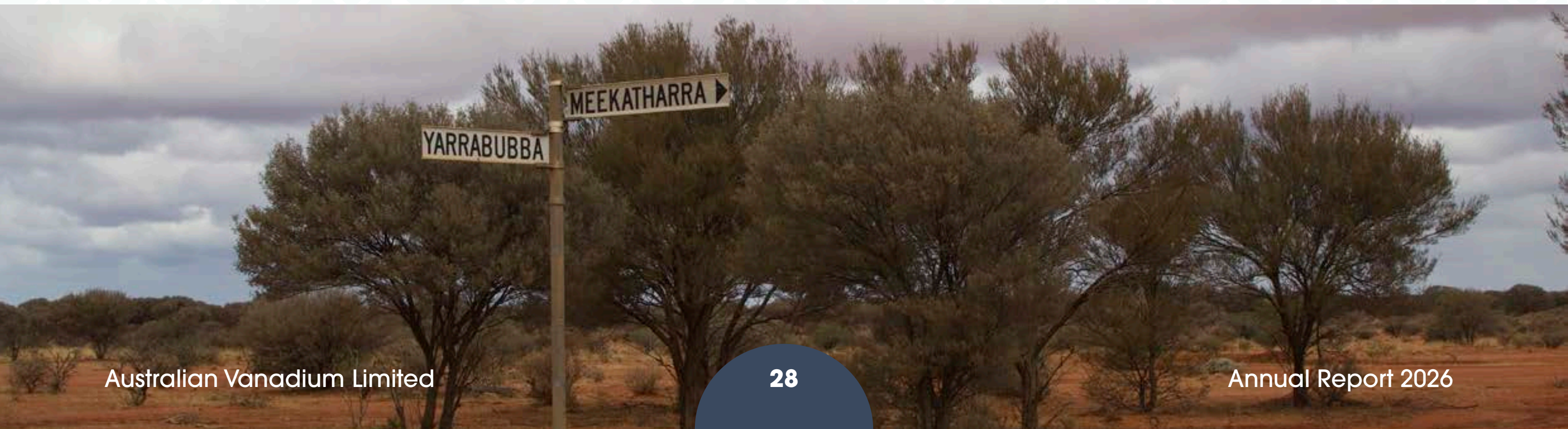
AVL's activities rely on third-party suppliers and contractors for raw materials and reagents, services, plant and equipment, construction and maintenance, and on logistics providers to deliver products and mobilise resources. Failure or underperformance within this supply chain could delay schedules, increase costs or impair operating performance. Risks associated with contractors and service providers include the inability or unwillingness of counterparties to fulfil contractual obligations, counterparties acting contrary to AVL's instructions or standards, and the financial distress, insolvency or default of counterparties. Securing and mobilising replacement suppliers or contractors on acceptable terms may be difficult, particularly for critical or long-lead items, and could adversely affect the Group's operations and financial results.

Cyber security and information technology

The Group relies on information technology systems and third-party service providers to conduct its activities, and that reliance will grow as the Group moves toward construction, operations and the deployment of grid-connected energy storage assets. A cyber incident, including unauthorised access, data loss or a disruption to critical systems, could interrupt the Group's activities, compromise confidential or personal information, result in financial loss or regulatory action, and damage the Group's reputation. Grid-connected BESS assets may also attract obligations under critical infrastructure and energy sector security frameworks. The Group manages this risk through system and access controls, staff awareness, and the use of reputable service providers, and will continue to develop its cyber security capability as its operations grow.

Litigation and disputes

The Group is subject to the risk of legal and regulatory proceedings, including contractual disputes, native title and tenure challenges, environmental claims, health and safety matters, intellectual property disputes and employment-related claims. Proceedings can be costly and protracted, and outcomes are inherently uncertain; they can also divert significant management and Board attention. Adverse outcomes could materially affect the Group's operations, reputation, liquidity and financial performance.



2. Finance Risks

Future capital requirements and access to funding

AVL's integrated strategy across the vanadium value chain, developing the Australian Vanadium Project, manufacturing vanadium electrolyte and deploying VFB energy storage systems, will require substantial capital. The Group's funding needs and their timing depend on the final investment decision, project scope, contracting strategy, procurement of long-lead items, cost escalation, commissioning and ramp-up.

In addition to any future project construction funding requirements, the Group expects to require additional funding within 12 months of the date of this report to support its ongoing business activities. This funding requirement gives rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Refer to Note 1 to the consolidated financial statements and the Directors' Report for further information on the Group's going concern assessment.

No final investment decision has been made in relation to the Australian Vanadium Project or the Group's prospective utility-scale VFB BESS projects. The Group may seek additional funding through equity or debt, joint ventures, product offtake prepayments, grants or other instruments. There is no assurance that financing will be available when required, on acceptable terms, or in amounts sufficient to meet the Group's needs. Equity raisings may dilute existing shareholders; debt funding may involve restrictive covenants, security over assets and terms that constrain operations.

Failure to secure adequate funding could require the Group to defer or scale back evaluation and feasibility work, growth activities or investment, or to forgo opportunities, which may adversely affect the Group's operations, financial position and outlook. Unfavourable market conditions, including the commodity price outlook and volatility, equity market sentiment, interest rates and inflation, or adverse government policy settings in relation to the energy transition, may impair access to capital regardless of operating performance.

Electrolyte leasing remains a potential financing model rather than a committed source of funding. Its viability depends on financier participation, customer creditworthiness, contract terms and assumptions about electrolyte recovery, reuse and residual value. To the extent the Group retains these exposures, adverse outcomes could increase funding needs or reduce returns.

Debt facility obligations

During the year, the Group entered into a secured US$10 million loan facility with RCF Private Equity Fund I L.P. and Resource Capital Fund (Cardinal) L.P. The facility was fully drawn in October 2025 and the principal plus capitalised interest is repayable at maturity in October 2027. Interest is calculated at three-month term SOFR (Secured Overnight Financing Rate) plus 8% per annum. Changes in SOFR affect borrowing costs, and capitalised interest increases the amount repayable. Security covers the assets of the Company and guarantors and mortgages over Project tenements, subject to agreed exceptions and required consents. The US dollar denomination exposes the Group to exchange rate movements on principal and interest. The Group must comply with the facility terms, including maintaining a consolidated cash balance above $2 million at all times after excluding grant funds and amounts not freely available to meet general obligations to trade creditors. Refer to Note 11 to the consolidated financial statements for the year-end balance and full terms.

A failure to comply with the facility terms, or an inability to repay, refinance or extend the facility at maturity on acceptable terms, could permit the lenders to demand repayment or enforce their security, which could materially and adversely affect the Group's financial position.

Grant funding conditions

AVL has been awarded a $49 million grant under the Australian Government's Modern Manufacturing Initiative – Manufacturing Collaboration Stream for the Australian Vanadium Project. To 30 June 2026, the Company has received $29.4 million, with the balance contingent on meeting specified milestones and other conditions under the grant agreement. The timing and receipt of future grant payments are subject to achievement of those milestones and compliance with the applicable grant conditions. Delays in project advancement or development, regulatory approvals, technical outcomes or other factors could affect the timing or availability of the remaining funds and, consequently, the timing of relevant Project activities. The grant also includes reporting and compliance obligations, including the requirement to apply grant funds to eligible expenditure under the grant agreement. Failure to comply with applicable grant conditions may affect the timing or entitlement to future payments and, in certain circumstances, may give rise to repayment obligations. The Group maintains dedicated grant compliance and reporting processes and engages regularly with the administering department.

3. Market Risks

Commodity prices and foreign exchange

If production is achieved, the Group's revenues will be exposed to commodity price and currency movements. Commodity prices, which are generally denominated in US dollars, are volatile and influenced by global supply and demand balances, technological change, competitor pricing behaviour, costs of production, the availability of substitutes, geopolitical events (including trade tensions, tariffs and export controls) and broader macroeconomic conditions.

Unlike most base and precious metals, vanadium pentoxide, which is expected to be the Project's principal revenue driver, is not exchange traded. Prices are set through bilateral transactions, with limited transparency despite reporting by price assessment agencies. The iron concentrate co-product is also expected to vary from benchmark specifications, with pricing determined by bilateral negotiation.

The Group is also exposed to foreign exchange risk where product revenues and certain costs, including amounts payable under its US dollar denominated loan facility, are denominated in US dollars, Euros or other currencies while financial reporting is in Australian dollars. Movements in exchange rates may increase earnings volatility and affect cash flows, reported results and valuations. Given these factors, realised prices in Australian dollars, and therefore the Group's Australian dollar revenue, are inherently uncertain. Changes in price and foreign exchange assumptions may affect Mineral Resource estimates and Ore Reserves, project economics, expected investment returns and the recoverable amount of the Group's assets.

Substitution

Alternative solutions for long-duration energy storage. Vanadium flow batteries are a proven option for long-duration energy storage, including at grid scale. Through its work on Lumina™, internal analysis and observation of recent VFB product developments, AVL considers that VFBs can achieve a competitive levelised cost of storage at scale, particularly for longer-duration applications, supported by their potential service life of more than 30 years, subject to maintenance and component replacement, operating flexibility, minimal performance degradation and the residual value of the vanadium electrolyte. Notwithstanding this, VFBs face substitution risk from other long-duration energy storage solutions and battery chemistries. Adoption outcomes are influenced by factors largely outside the Group's control, including capital, operating and end-of-life costs; technology progress and performance improvements by alternatives; the availability and pricing of key inputs; application fit (duty cycle, ambient conditions, footprint and integration needs); customer familiarity and market perception; and regulatory and policy settings.

Steel additives. Vanadium and niobium are widely used micro-alloys in high-strength, low-alloy steels, and the steel sector represents the majority of demand for both commodities. Vanadium faces substitution risk from niobium in some applications due to overlapping performance benefits in strength, toughness and corrosion resistance. That risk is mitigated in part because niobium cannot satisfactorily replace vanadium in all micro-alloyed steel grades and processes. Substitution dynamics are driven by relative prices and volatility, supply chain considerations, metallurgical performance, customer specifications and evolving standards, all of which are largely outside the Group's control.

Material substitution in either the energy storage or steel end markets could reduce demand and realised prices for vanadium products, including the high-purity V_2O_5 proposed to be produced by the Australian Vanadium Project, with adverse impacts on the Group's financial performance and funding capacity.

Competition

The Group faces competition from existing and emerging vanadium producers and explorers, as well as from operators recovering vanadium from secondary sources, for example the recycling of industrial by-products, steel slag, petroleum residues and spent catalysts. New mining, processing, secondary recovery and recycling projects could add supply and place downward pressure on prices. Competition also extends to securing access to attractive deposits, secondary feedstock streams and the development opportunities needed to sustain or grow future production.

In the downstream market, VSUN Energy competes in a crowded and rapidly evolving Australian BESS sector against integrated utilities, independent power producers, engineering and construction firms, global BESS integrators and multi-chemistry technology providers. Competitive tender processes for long-duration storage projects, including government-supported procurements, may attract a large field of well-resourced participants. Heightened competition may pressure pricing and terms, lengthen sales cycles and development timelines, and raise acquisition and delivery costs, which could compress margins, delay market entry, reduce investment returns and adversely affect cash flow and earnings.

Sustainability

AVL aims to build an enduring business - one that does the right thing by people and the planet. This means making ethical choices, respecting the communities in which the Group operates, and minimising environmental impact from initial design through to operations and closure.

Vanadium is expected to play a critical role in the clean energy transition, and the Group's focus is to ensure its products help drive that change responsibly.

AVL's sustainability approach reflects the current stage of development of the Australian Vanadium Project and the Group's focus on responsible project design. During the reporting period, sustainability efforts were primarily directed toward integrating environmental and operational efficiencies into the engineering and design of the mining and processing operations.

Key areas of focus included minimising the project footprint, improving the efficiency of water, energy and reagent use, and incorporating recycling and recovery opportunities where practical. These considerations are being addressed through equipment selection, flowsheet optimisation and overall project layout as engineering work progresses.

As the Project progresses toward development, AVL will evolve its sustainability framework and reporting systems in line with project maturity and applicable regulatory requirements.

As AVL's business and projects progress, its sustainability approach will also focus on strengthening organisational resilience by considering environmental, social, regulatory and operational factors in planning and decision-making, supporting the Group's ability to adapt and deliver its strategy over the long term.

AVL's approach to sustainability spans its vertically integrated business, from mining and processing through to the production of battery-grade vanadium electrolyte and the development of vanadium flow batteries, supporting its objective of contributing to long-duration energy storage solutions.

FY2026 SUSTAINABILITY HIGHLIGHTS

SUPPORTING THE ENERGY TRANSITION:

AVL is advancing the deployment of utility-scale vanadium flow batteries for long-duration energy storage in Australia.

Achieved a **Total Recordable Injury Frequency Rate of zero**

Nil regulatory or externally reportable environmental events or incidents

Proactive environmental stewardship: AVL continued comprehensive baseline monitoring, including noise, air, subterranean fauna, and water monitoring

Stakeholder Engagement: Working closely with stakeholders to optimise plant layouts, eliminate duplication of infrastructure, and minimise impacts

Supporting Regional Development: Project development activities continue to create opportunities for regional employment, services and local procurement

Regulatory Progress: Western Australian Planning Commission approved the Development Application for the Tenindewa processing plant

Mineral Resource Statement

The Australian Vanadium Project – Mineral Resource Statement

The Company's Exploration Results and Mineral Resource are reported in accordance with the ASX Listing Rules and the requirements and guidelines of the 2012 edition of the Joint Ore Reserves Committee Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code).

The Company's Mineral Resource Statement for the Australian Vanadium Project as at 30 June 2026 is presented in Table 1 below. The Mineral Resource Estimate is unchanged from that reported as at 30 June 2025.

The Mineral Resource, as reported on 7 May 2024, is 395.4Mt at 0.77% V2O5. This includes a high-grade domain of 173.2Mt at 1.09% V_2O_5, of which 105.4Mt at 1.12% V_2O_5 is classified as Measured and Indicated. The Mineral Resource Statement is split by domain: High Grade (HG), Low Grade (LG) and Transported (Trans).

The Competent Person Statement for the Mineral Resource is included on page 34 of this Annual Report.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resource as reported on 7 May 2024, and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company carries out an annual review of its Mineral Resource, as required by the ASX Listing Rules. The review was carried out as at 30 June 2026.

Table 1: Mineral Resource Statement as at 30 June 2026 (as reported on 7 May 2024)

Domains	Category	Mt	V_2O_5 %	Fe %	TiO_2 %	SiO_2 %	Al_2O_3 %
HG	Measured	30.6	1.13	46.3	12.9	7.4	6.2
	Indicated	74.8	1.11	47.5	12.6	7.0	5.7
	Inferred	67.9	1.06	45.3	12.1	9.0	6.6
	Subtotal	**173.2**	**1.09**	**46.5**	**12.5**	**7.8**	**6.1**
LG 2-5	Measured	-	-	-	-	-	-
	Indicated	61.8	0.55	26.1	7.1	26.6	16.3
	Inferred	142.5	0.48	24.9	6.6	28.9	15.2
	Subtotal	**204.3**	**0.50**	**25.3**	**6.8**	**28.2**	**15.5**
Trans 6-8	Measured	-	-	-	-	-	-
	Indicated	-	-	-	-	-	-
	Inferred	17.9	0.65	31.0	7.3	24.1	14.4
	Subtotal	**17.9**	**0.65**	**31.0**	**7.3**	**24.1**	**14.4**
Global	Measured	30.6	1.13	46.3	12.9	7.4	6.2
	Indicated	136.6	0.85	37.8	10.1	15.8	10.5
	Inferred	228.2	0.66	31.4	8.3	22.6	12.6
	Total	**395.4**	**0.77**	**34.8**	**9.3**	**19.1**	**11.4**

Note: Totals may not add up due to rounding

Governance Arrangements and Internal Controls

The Company ensures that all Mineral Resource estimations are subject to appropriate governance and internal controls. The Company has appropriate systems in place and suitably qualified and competent geological consultants to complete any resource estimation or review to the required standards as outlined in the 2012 JORC Code. The Quality Assurance, Sampling Systems, Assay Procedures, Data Recording, Interpretation Standards and Resource Estimation Methods and other parameters set out in Table 1 of the 2012 JORC Code are closely followed. The Mineral Resource Estimate reported has been generated by independent external consultants, where appropriate, who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to determine the resource estimate. In addition, management carries out regular reviews and audits of internal processes and external contractors engaged by the Group.

The Company's policy is that all steps are recorded during the resource drilling program and then the estimation stage. All results from field logs and assays to database entries and modelling data are validated, reviewed and checked by independent and qualified geological personnel.

Competent Person Statement

Mineral Resource

The information in this report that relates to Mineral Resources is based on and fairly represents information compiled by Mr Lauritz Barnes, (Consultant with Trepanier) and Ms Gemma Lee (Consultant with Gem Geological Services Pty Ltd). Mr Barnes is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and both Mr Barnes and Ms Lee are members of the Australian Institute of Geoscientists (AIG). Both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Barnes is the Competent Person for the estimation and Ms Lee is the Competent Person for the database, geological model and site visits. Mr Barnes and Ms Lee consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The Annual Mineral Resource Statement is based on and fairly represents the information and supporting documentation prepared by the above-mentioned Competent Persons. It is approved as a whole by Ms Gemma Lee and Mr Lauritz Barnes.

Competent Person Statement – Exploration Results and Targets

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Ms Gemma Lee (Consultant with Gem Geological Services Pty Ltd). Ms Lee is a member of the Australian Institute of Geoscientists. Ms Lee has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken, to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Ms Lee consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

Metallurgical Results

The information in this report that relates to Metallurgical Results is based on information compiled by independent consulting metallurgist Brian McNab (CP. B.Sc Extractive Metallurgy), Mr McNab is a Fellow of the Australasian Institute of Mining and Metallurgy and is employed by Wood Mining and Metals. Mr McNab has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McNab consents to the inclusion in this report of the matters based on the information made available to him, in the form and context in which it appears.

Tenement Schedule

Australian Vanadium Project

Tenement	Holder	Status	Location	Interest held by AVL Group
E51/843	Australian Vanadium Ltd	Granted	WA	100%[1]
E51/1534		Granted		100%[1]
E51/1899		Granted		100%
E51/1943		Granted		100%
E51/1944		Granted		100%
E51/2067		Granted		100%
E51/2111		Granted		100%
E51/2215		Application		100%
E51/2322		Application		100%
G51/37		Application		100%
G51/38		Application		100%
G51/39		Application		100%
L51/116		Granted		100%
L51/119		Granted		100%
L51/130		Application		100%
L51/132		Application		100%
L51/133		Application		100%
L51/137		Application		100%
L51/141		Granted		100%
L51/142		Application		100%
M51/878		Granted		100%[1]
M51/897		Application		100%[1]
P51/3073		Granted		100%
P51/3074		Granted		100%
P51/3075		Granted		100%
P51/3076		Granted		100%
P51/3298		Application		100%
E51/1510-I	The KOP Ventures Pty Ltd[2]	Granted	WA	100%
E51/1818		Granted		100%
E51/2056		Application		100%
E51/2117		Application		100%
G51/29		Granted		100%
G51/30		Granted		100%
G51/31		Granted		100%
G51/32		Application		100%
G51/34		Application		100%
G51/36		Granted		100%
L51/101		Granted		100%
L51/102		Granted		100%
L51/117		Granted		100%
L51/121		Granted		100%
L51/123		Application		100%
L51/134		Application		100%
L51/135		Granted		100%
M51/883		Granted		100%
M51/884		Granted		100%
P51/3140		Granted		100%

1. As at 30 June 2026 and 3 September 2026, AVL held the mineral rights to V/U/Co/Cr/Ti/Li/Ta/Mn and iron ore only, while Albright Metals Limited held the mineral rights to all other minerals. On 18 September 2026, Albright's mineral rights reverted to AVL under an agreement to consolidate ownership and control of mineral rights across the Australian Vanadium Project. Further information is provided in Note 24 to the consolidated financial statements.

2. The KOP Ventures Pty Ltd is a wholly owned subsidiary of Australian Vanadium Limited.

Coates

Tenement	Holder	Status	Location	Interest held by AVL Group
E70/4924-I	Australian Vanadium Ltd	Granted	WA	100%
E70/5589		Application		100%

Nowthanna Hill

Tenement	Holder	Status	Location	Interest held by AVL Group
M51/771	Australian Vanadium Ltd	Granted	WA	100%

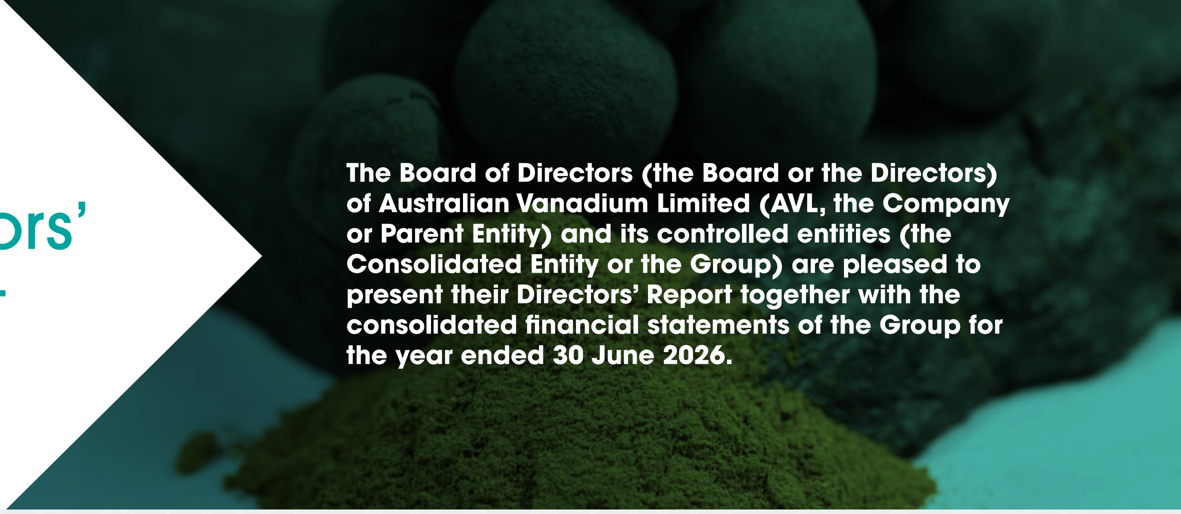
Royalties held by Australian Vanadium Ltd

Project	Tenement	Tenement holder	Status	Location	Interest held by AVL Group
Tumblegum South[1]	M 51/888	White Star Minerals Pty Ltd	Granted	WA	0.75% NSR Royalty
Peak Hill	E52/3349	Albright Metals Ltd	Granted	WA	0.75% NSR Royalty

1. On 18 September 2026, AVL completed a transaction with Albright Metals Limited to consolidate ownership and control of certain mineral rights across the Australian Vanadium Project. As part of the consideration, AVL transferred its 0.75% net smelter return royalty over Tumblegum South to Albright Metals Limited. Accordingly, AVL no longer holds the Tumblegum South royalty. Further information is provided in Note 24 to the consolidated financial statements.

Directors' Report

Directors' Report



The Board of Directors (the Board or the Directors) of Australian Vanadium Limited (AVL, the Company or Parent Entity) and its controlled entities (the Consolidated Entity or the Group) are pleased to present their Directors' Report together with the consolidated financial statements of the Group for the year ended 30 June 2026.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report unless otherwise stated:

Name	Position	Independent
Mr Cliff Lawrenson	Non-Executive Chair	Yes
Ms Jo Gaines	Non-Executive Director	Yes
Mr Daniel Harris	Non-Executive Director	Yes
Mr James McClements (appointed 1 April 2026)	Non-Executive Director	No
Ms Miriam Stanborough AM	Non-Executive Director	Yes
Mr Peter Watson	Non-Executive Director	Yes

Information on Directors

The names, qualifications, experience and special responsibilities of the Directors in office during or since the end of the financial year are as follows:

Mr Cliff Lawrenson
Non-Executive Chair

BCom (Hons), FGIA

Mr Lawrenson was appointed Non-Executive Chair in October 2020. Mr Lawrenson is an experienced Non-Executive Director having served on or chaired public and private companies for over 15 years after a successful career in executive leadership, including in investment banking. Mr Lawrenson holds postgraduate qualifications in commerce and finance and has worked extensively in the resources and energy sectors across the world. He has a successful track record of leading strategic direction in companies and executing complex corporate transactions.

Special Responsibilities:

None

Current listed company Directorships:

Non-Executive Chair of Paladin Energy Ltd (ASX: PDN)

Former listed company Directorships:

None

Ms Jo Gaines
Non-Executive Director

B.Arts, GradDipOHS, GAICD

Ms Gaines is an experienced, highly regarded leader and strategic policy director, having previously worked as the Deputy Chief of Staff to the Premier of Western Australia. She was a leader in the development of the WA Recovery Plan in response to the COVID-19 pandemic. Prior to this position, Ms Gaines served as Branch Assistant Secretary for the Community and Public Sector Union/Civil Service Association for over 10 years.

Ms Gaines is a graduate of the Australian Institute of Company Directors and holds a Bachelor of Arts from the University of Western Australia and a Post Graduate Diploma in Occupational Health and Safety from Curtin University. Ms Gaines is currently the Executive Director of Gaines Advisory, Chair of the Government Employees Superannuation Board and a director of DevelopmentWA.

Special Responsibilities:

- Member of the Technical and Sustainability Committee
- Member of the Remuneration, Nomination and Governance Committee
- Member of the Audit and Risk Committee

Current listed company Directorships:

None

Former listed company Directorships:

Non-Executive Director of Chalice Mining Limited (ASX: CHN)

Mr Daniel Harris
Non-Executive Director

BSc ChE

Mr Harris brings with him a vast amount of expertise in the vanadium industry and an understanding of the resource sector from both a technical and financial perspective.

Current roles include Consultant and Advisor to Bushveld Vametco in South Africa and Board Member and Advisor to GSA Environmental Limited, a privately held engineering company in the United Kingdom.

Past roles include the interim CEO and Managing Director at Atlas Iron Limited, CEO and Chief Operating Officer at Atlantic Limited, Vice President and Head of Vanadium Assets at Evraz Group, Managing Director at Vametco Alloys, CEO and CFO of Strategic Minerals Corporation, consultant and Member of the Technical Advisory Committee to BlackRock Metals in Canada and Executive Director of U.S. Vanadium LLC.

Mr Harris was previously an executive director of U.S. Vanadium LLC.

Special Responsibilities:

- Chair of the Audit and Risk Committee
- Member of the Technical and Sustainability Committee
- Member of the Remuneration, Nomination and Governance Committee

Current listed company Directorships:

Non-Executive Director of QEM Limited (ASX: QEM)

Former listed company Directorships:

Non-Executive Director of Red Hawk Mining Limited (ASX: RHK)

Mr James McClements
Non-Executive Director

B Econ (Hons)

Mr McClements has 35 years' experience in the mining industry as a banker and fund manager financing projects globally. James was raised and educated in the Pilbara region of Western Australia and following completion of his honours degree in Economics from the University of Western Australia, he began his professional career with BHP Limited before joining Standard Chartered Bank in Perth and N.M. Rothschild & Sons in Sydney then Denver. James spent 11 years in the USA, during this time he co-founded Resource Capital Funds (RCF).

Mr McClements is currently the Managing Partner of RCF and has extensive Board experience, having served as a director of 12 RCF portfolio companies, both public and private. RCF is a substantial shareholder of the Company and a lender to the Company. Accordingly, the Board does not consider Mr McClements to be an independent director.

Special Responsibilities:

None

Current listed company Directorships:

None

Former listed company Directorships:

Non-Executive Chair of Mineral Resources Limited (ASX: MIN)

Ms Miriam Stanborough AM
Non-Executive Director

BA (Hons), BE (Chem) (Hons), MSc (Mineral Economics), FAusIMM, GAICD

Ms Stanborough is a chemical engineer with over 25 years of experience in the mineral processing industry across a range of commodities. She has held senior roles in major mining and contracting companies. Her skill base spans innovation and technology, technical development, production management, project management, business improvement and government and community relations. Ms Stanborough is currently Chair of the MARS Centre Advisory Board and Deputy Chair of ChemCentre.

Ms Stanborough was recognised in the 2023 King's Birthday Honours List where she was made a Member (AM) of the Order of Australia in the General Division for her significant service to the minerals and mining sector, and to the community.

Special Responsibilities:

- Chair of the Remuneration, Nomination and Governance Committee
- Member of the Technical and Sustainability Committee

Current listed company Directorships:

Non-Executive Director of PLS Group Ltd (ASX: PLS)

Non-Executive Director of BCI Minerals Ltd (ASX: BCI)

Former listed company Directorships:

None

Mr Peter Watson
Non-Executive Director

BEng (Hons) (Chem), FIEAust, Dip (Acct)

Mr Watson is a chemical engineer, with 40 years of experience in senior technical, project and management roles, in addition to corporate experience running ASX-listed companies. He has significant board-level experience, particularly regarding safety, governance, financial reporting, project oversight, risk management and strategy.

Mr Watson was the Managing Director and Chief Executive Officer of Sedgman Limited, an engineering, project delivery and operations company focused on the global minerals sector and listed on ASX prior to its acquisition by CIMIC Group Limited.

Special Responsibilities:

- Chair of the Technical and Sustainability Committee
- Member of the Audit and Risk Committee

Current listed company Directorships:

Non-Executive Director of Paladin Energy Ltd (ASX: PDN)

Former listed company Directorships:

Non-Executive Director of Strandline Resources Ltd (ASX: STA)

Joint Company Secretaries

Mr Neville Bassett

Mr Bassett stepped down as Company Secretary effective 1 April 2026, following more than 11 years of service to the Company.

Ms Sarah Wilson

Ms Wilson was appointed as Company Secretary on 1 April 2026. She is an experienced governance professional with more than 12 years' experience in the governance and administration of publicly listed companies, primarily within the resources sector. She has served as Company Secretary for numerous ASX listed companies and brings extensive expertise in regulatory compliance, corporate administration and governance.

Ms Wilson is a Director of Magnolia Corporate Pty Ltd, a boutique consultancy firm, specialising in company secretarial services.

Mr Louis Mostert

Mr Mostert graduated from the University of Western Australia with a Bachelor of Engineering (Hons) and a Bachelor of Laws (Hons) and has a Diploma of Applied Corporate Governance from the Governance Institute of Australia. He is admitted as a barrister and solicitor of the Supreme Court of Western Australia, a Fellow of the Chartered Institute of Secretaries, a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

Board and Committee Meetings

The number of Directors' meetings and meetings of committees held during the financial year and the number of meetings attended by each Director in the period they held office were:

Name	Board of Directors		Remuneration and Nomination Committee		Audit and Risk Committee		Technical and Sustainability Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Cliff Lawrenson	8	8	3	3	5	5	2	2
Jo Gaines	8	8	3	3	5	5	2	2
Daniel Harris	8	8	3	3	5	5	2	2
James McClements[1]	2	1	1	1	2	2	-	-
Miriam Stanborough AM	8	8	3	3	5	5	2	2
Peter Watson	8	8	3	3	5	5	2	2

1. Appointed 1 April 2026.

Directors who are not members of a particular committee may attend committee meetings by invitation and, where applicable, such meetings are included in the number of meetings eligible to attend.

Principal Activities

During the year, the principal and continuing activities of the Group consisted of:

Upstream	Evaluation and feasibility of the Australian Vanadium Project
Midstream	Manufacture of vanadium electrolyte
Downstream	Sale, development and deployment of utility-scale vanadium flow batteries by VSUN Energy

Refer to the Operating and Financial Review on pages 10 to 21 of the Annual Report for further details.

Dividends

No dividends were paid or declared for the year ended 30 June 2026 and the Directors have not recommended the payment of a dividend.

Review of Operations

A detailed review of the Group's operations for the year ended 30 June 2026 and its material business risks can be found in the Operating and Financial Review on pages 10 to 31 of the Annual Report.

Financial Results and Position

The consolidated financial statements of the Group for the year ended 30 June 2026 have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2026, the Group recorded an after-tax loss of $9.5 million (2025: after-tax loss of $11.9 million).

The Group had cash outflows from operating activities of $8.7 million and investing activities of $5.4 million for the year ended 30 June 2026 (2025: cash outflows from operating activities of $13.5 million and from investing activities of $11.0 million).

At 30 June 2026, the Group held cash and cash equivalents of $17.9 million (2025: $11.5 million), including grant funds of $2.3 million (2025: $4.2 million), which may only be applied to eligible activities in accordance with the grant agreement. The Group had net working capital as at 30 June 2026 (excluding grant liability) of $16.2 million (2025: $5.4 million).

The contractual amount payable under the RCF Loan Facility at 30 June 2026 was $15.6 million (30 June 2025: nil), comprising loan principal and capitalised interest of $15.3 million and accrued interest of $0.3 million. The RCF Loan Facility matures on 21 October 2027. In addition, the Group had outstanding commitments at 30 June 2026 of $0.3 million relating to the Australian Vanadium Project and $0.9 million of exploration obligations, all due within 12 months (refer to Note 16 to the consolidated financial statements).

Based on the Group's cash flow forecast, the Group will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its projects and development activities.

The Group's ability to continue as a going concern is dependent on securing additional funding through the issue of equity, the raising of debt, the sale of all or part of its interests in its assets, or a combination of these measures.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

The Directors believe that as at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to secure sufficient additional funding and/or implement expenditure reductions or other measures necessary to meet its obligations as and when they fall due. Accordingly, the Directors consider that preparation of the consolidated financial statements on a going concern basis is appropriate.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. The consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities, that may be necessary if the Group is unable to continue as a going concern.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Group during the financial year other than those noted elsewhere in this Annual Report.

Significant Events Since the End of the Financial Year

Other than disclosed below, the Directors are not aware of any other matter or circumstance since the end of the year not otherwise dealt with in this report that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods except for the following, the financial effects of which have not been provided for in the consolidated financial statements for the year ended 30 June 2026:

- On 16 September 2026, the Company entered into an agreement with Albright Metals Ltd (Albright) to consolidate ownership and control of certain mineral rights across the Australian Vanadium Project. The transaction completed on 18 September 2026, with Albright's rights and interests under the existing Mineral Rights Sale Agreement reverting to AVL. Consideration comprised $0.5 million in cash, 5,797,774 AVL shares with a value of $1.25 million, and the assignment of AVL's 0.75% net smelter return royalty over the Tumblegum South project owned by White Star Minerals Pty Ltd. The transaction simplifies the Project's mineral rights and tenure framework and provides AVL with additional mineral rights and future development optionality.

Likely Developments and Expected Results

In the opinion of the Directors, the likely developments and expected results of the activities of the Group have been set out in the Chair and CEO's Letter and the Operating and Financial Review on pages 4 to 5 and 10 to 21 respectively of the Annual Report.

Further information on likely developments in the operations of the Group 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 Group.

Shares Under Option

Unissued ordinary shares of Australian Vanadium Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Option exercise price	Number under option
23 October 2025	23 October 2030	$0.3475	17,269,317
12 March 2026	12 March 2029	$0.4550	2,000,000
Total			**19,269,317**

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Performance Rights Over Unissued Capital

Details of performance rights granted over unissued ordinary shares of the Company as at the date of this Report are:

Expiry date	Vested and unexercised	Unvested	Number[1]
10 April 2027	-	8,000	8,000
6 December 2027	-	1,200,000	1,200,000
20 March 2028	-	120,000	120,000
25 April 2028	-	180,000	180,000
26 July 2028	80,000	1,313,334	1,393,334
21 August 2028	-	133,334	133,334
21 September 2028	-	80,000	80,000
16 November 2028	-	800,006	800,006
25 January 2029	-	400,004	400,004
1 May 2029	-	120,000	120,000
13 May 2029	-	133,334	133,334
3 June 2029	-	96,934	96,934
26 September 2029	-	172,800	172,800
13 September 2031	-	6,195,000	6,195,000
Total	**80,000**	**10,952,746**	**11,032,746**

1. The number of performance rights on issue is presented on a post-consolidation basis. Further information is provided in Note 14 to the consolidated financial statements.

All performance rights were granted for nil consideration and vest subject to certain market and non-market conditions. Holders of performance rights are not entitled to dividends and are not entitled to vote in relation to the rights during the vesting period.

On vesting and notice of exercise, each right converts to one ordinary share.

No person entitled to exercise performance rights had or has any right under the performance rights to participate in any other share issue of the Company or any other entity.

During the year ended 30 June 2026, 261,253 performance rights were converted to 261,253 ordinary shares.

Corporate Governance Statement

The Company's 2026 Corporate Governance Statement was released to the ASX on 25 September 2026 and is available at https://www.avl.au/about-us/corporate-governance/.

Environmental Legislation

The Group is subject to environmental legislation and obligations under the laws of the Commonwealth of Australia and the State of Western Australia.

The Group has policies and procedures in place that are designed to ensure that, where activities are subject to any particular and significant environmental regulation, those obligations are identified and appropriately addressed, and any breaches promptly notified.

So far as the Directors are aware, there have been no material breaches of the Group's licence conditions and environmental regulations to which the Group is subject during the year ended 30 June 2026 and to the date of this report.

Indemnification and Insurance of Directors and Officers

The Company has agreed, to the maximum extent permitted by law, to indemnify each of its Directors and Officers who have held office during the year, against all liabilities to a third party (other than the Company or a related body corporate of the Company) that may arise from their position as a Director or Officer of the Company or a related body corporate of the Company. The indemnity stipulates that the Company will meet the full amount of any such liabilities, including legal costs incurred.

During the year, the Group has paid insurance premiums in respect of a contract insuring Directors and Officers of the Group against a liability incurred as a Director or Officer to the extent permitted by the *Corporations Act 2001* (Cth). The contract of insurance prohibits disclosure of the nature of the coverage and the amount of the premium.

Proceedings on Behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Audit and Non-Audit Services

The Company may decide to employ the auditor on assignments that are in addition to their statutory audit duties where the auditor's expertise and experience with the Group is important.

No non-audit services were provided by the Company's auditor, BDO Audit Pty Ltd, during the year. During the year, $93,500 was paid or payable for services provided by BDO Audit Pty Ltd (2025: $87,570). Details of amounts paid or payable to the auditor for services provided during the period by the auditor are outlined in Note 22 to the consolidated financial statements.

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Remuneration Report (Audited)

Introduction

The Directors present the Australian Vanadium Limited 2026 Remuneration Report (Report), which sets out the remuneration standard and outcomes for the Group's key management personnel (KMP) and explains how remuneration supports the Group's strategy and the creation of long-term shareholder value.

The information provided in this Report has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) (the Act) and Australian Accounting Standards, and the Report has been audited in accordance with Section 308(3C) of the Act.

The Group's KMP are those persons who have authority and responsibility for planning, directing, and controlling the major activities of the Group, directly or indirectly, including any Director, whether executive or otherwise, of the parent company. KMP comprise the Non-Executive Directors of the Company and key Executives (Executive KMP). For the purposes of this Report, the term Executive includes the Chief Executive Officer (CEO) and other Executive KMP.

The Report is structured as follows:

1. KMP covered in this report
2. FY2026 overview
3. Remuneration principles and governance
4. Elements of remuneration
5. Link between remuneration and performance
6. Executive KMP remuneration
7. Contractual arrangements with Executive KMP
8. Non-Executive Director remuneration
9. Other statutory information

1. KMP covered in this report

Details of KMP of the Company and their movements during the year ending 30 June 2026 are set out in Table 1 below:

Table 1: FY2026 Key Management Personnel

Name	Position	Term as KMP
Non-Executive Directors		
Mr Cliff Lawrenson	Non-Executive Chair	Full financial year
Ms Jo Gaines	Non-Executive Director	Full financial year
Mr Daniel Harris	Non-Executive Director	Full financial year
Mr James McClements	Non-Executive Director	Appointed 1 April 2026
Ms Miriam Stanborough AM	Non-Executive Director	Full financial year
Mr Peter Watson	Non-Executive Director	Full financial year
Executive KMP		
Mr Graham Arvidson	Chief Executive Officer	Full financial year
Mr Louis Mostert	Chief Legal & Commercial Officer and Joint Company Secretary	Full financial year
Mr Tom Plant	Chief Financial Officer	Full financial year
Mr Todd Richardson	Chief Operating Officer	Full financial year

Since the end of the reporting period, Mr Tom Plant, Chief Financial Officer, has advised the Company of his resignation, which will take effect in December 2026. There have been no other changes to KMP since 30 June 2026.

2. FY2026 overview

Area	Overview	Reference
Corporate and Project	Advanced the Optimised Feasibility Study for the Australian Vanadium Project (Project), including expanded work to assess production of high-purity vanadium oxides for aerospace, defence and advanced manufacturing applications. Progressed key approvals and heritage work, including development approval for the Tenindewa processing facility and submission of a revised Environmental Review Document for the integrated Project. Strengthened AVL's midstream capability by progressing qualification of Western Australian-made vanadium electrolyte with leading international VFB manufacturers and introducing V-NOMAD™, AVL's modular and relocatable electrolyte production platform. The Company also advanced development of a vanadium electrolyte leasing model. Through VSUN Energy, advanced a pipeline of utility-scale VFB opportunities supported by Lumina™, including entering into a pre-bid agreement with Sumitomo Electric for the proposed Kalgoorlie Vanadium Battery Energy Storage System. AVL lodged its Stage One submission during FY2026 and, after year-end, its Stage Two proposal in the Western Australian Government's competitive process for the project.	Operating and Financial Review
Executive KMP fixed remuneration	Executive KMP voluntarily accepted a temporary 10% reduction in their total fixed remuneration for the period from 1 July 2025 to 31 October 2025. Total fixed remuneration was restored in full from 1 November 2025, with no back-payment of the amounts forgone. As disclosed in the Company's FY2025 Remuneration Report, a review of Executive KMP remuneration was undertaken during the second half of calendar year 2025, with the resulting increases taking effect from 1 January 2026. Executive KMP performance was assessed through the annual performance review process for FY2026 and the Remuneration, Nomination and Governance Committee undertook an independent remuneration benchmarking review. Having considered both individual performance and market benchmarking, the Board approved revised Executive KMP fixed remuneration, effective from 1 July 2026.	Sections 3, 6 and 7
Short-term incentives	No short-term incentives were granted, issued, paid or provided for in relation to Executive KMP during FY2026.	Sections 4, 6 and 9.4
Long-term incentives	No long-term incentives were granted, issued or provided for in relation to Executive KMP during FY2026.	Sections 4, 6 and 9.4
Non-Executive Director remuneration	*Non-Executive Director fees* Non-Executive Directors voluntarily accepted a temporary 50% reduction in their fees from 1 July 2025 to 31 December 2025. Fees were restored in full from 1 January 2026, with no back-payment of the amounts forgone. No increase to Non-Executive Director fees is proposed for FY2027. No fees are paid to Mr James McClements. No additional fees are currently paid to Non-Executive Directors for participation in Board Committees. *Share-based payments* No new performance rights were granted to Non-Executive Directors during FY2026, and no performance rights held by Non-Executive Directors vested during the year.	Section 8

3. Remuneration principles and governance

Principles

The Board recognises that the performance of the Group depends on the quality, capability and motivation of its Directors and Executives. AVL's remuneration standard is designed to align remuneration with shareholder interests, support the execution of the Company's strategy and attract and retain high-calibre personnel.

In line with Section 300A(1)(a) of the Act, the Board has adopted a practice that links remuneration with performance. The key principles underpinning this practice are:

- **Alignment to strategy and performance:** remuneration structures support strategy execution and long-term value creation. Variable remuneration is delivered through the issue of performance rights under the Company's Employee Securities Incentive Plan (ESIP), which include a mix of market-based conditions (share-price targets) and non-market conditions centred on project milestones, directly linking rewards to shareholder returns.
- **Attraction and retention:** remuneration levels are set to attract and retain talented individuals with the skills and experience required to support the execution of the Group's strategy across the vanadium supply chain, having regard to market benchmarks, the Company's size, industry and stage of development, and the scarcity of specialised expertise.
- **Reward for performance:** fixed annual remuneration appropriately reflects role responsibilities and is reviewed annually. Variable remuneration is at risk and vests only on satisfaction of the applicable performance and service conditions, having regard to Group and individual performance.
- **Fairness and transparency:** the Board aims to ensure remuneration outcomes are fair, competitive and free from bias, with reference to external benchmarking where appropriate.

The arrangements through which these principles were given effect during FY2026 are set out in Section 4.

Directors and Executives receive superannuation contributions in accordance with applicable legislation and their remuneration arrangements but no additional retirement benefits. Individuals may elect to salary-sacrifice into superannuation at their discretion.

All remuneration is measured and recognised in accordance with the applicable Australian Accounting Standards. Share-based payments are measured and recognised in accordance with AASB 2 *Share-based Payment*. Remuneration is recognised in profit or loss, except where the remuneration of Executives working on the Australian Vanadium Project is capitalised in accordance with the Group's accounting policies. Consistent with AASB 124 *Related Party Disclosures*, the remuneration disclosed in this Report comprises the total remuneration of KMP for the year, whether recognised in profit or loss or capitalised.

As part of the Company's remuneration standard, the Company may grant performance rights under the ESIP to eligible employees, including Executive KMP, and, where considered appropriate, to Non-Executive Directors (subject to shareholder approval where required).

3. Remuneration principles and governance (continued)

Governance

KMP remuneration decision making is guided by the following remuneration governance framework:

Board	Oversees the remuneration standard for Directors and Executives. Delegates detailed oversight to the Remuneration, Nomination and Governance Committee (RNG Committee).
Remuneration, Nomination and Governance Committee	Comprises independent Non-Executive Directors. Makes recommendations to the Board on remuneration arrangements for Non-Executive Directors and Executives. Reviews remuneration annually, considering benchmarking data, market conditions, the Company's growth trajectory and capacity to pay, strategic objectives, the skills and competencies of individuals, talent scarcity, and role complexity. The RNG Committee members during the year were Ms Miriam Stanborough AM (Chair), Ms Jo Gaines and Mr Daniel Harris.
External remuneration consultants	May be engaged by the RNG Committee to provide independent advice at the Company's expense. During FY2026, the RNG Committee engaged RemSmart Consulting Services (RemSmart) to provide independent remuneration benchmarking advice for the Group's FY2026 remuneration review. RemSmart's scope included targeted peer group benchmarking of Executive KMP remuneration and Non-Executive Director fees, together with an assessment of the Group's broader remuneration standard and market positioning. The review was undertaken to support competitive remuneration strategies for the attraction, retention and engagement of Executive KMP and Non-Executive Directors. Following the Executive KMP voluntarily accepting a temporary 10% reduction in their total fixed remuneration for the period from 1 July 2025 to 31 October 2025, the Board deferred the effective date of the FY2026 remuneration review from 1 July 2025 to 1 January 2026. RemSmart provided its benchmarking advice in October 2025, which informed the deferred FY2026 remuneration review implemented with effect from 1 January 2026, with no back-payment to the start of FY2026. RemSmart did not provide a remuneration recommendation as defined in the *Corporations Act 2001* (Cth).

4. Elements of remuneration

AVL's approach to Executive remuneration is to provide rewards that are commensurate with the position and role responsibilities, while attracting, retaining and motivating the high-calibre personnel required to deliver the Company's strategic objectives.

The Company's remuneration objectives and principles are to:

- align the remuneration of employees with their role responsibilities, the performance of the employee and business and shareholder interests;
- attract, retain and motivate a highly skilled Executive team capable of delivering on AVL's strategy;
- link remuneration to performance against long-term objectives;
- provide fair and competitive remuneration relative to the market;
- reward both individual and Group performance, thereby promoting accountability and collaboration;
- enable Executives to share in the upside of the Company's long-term success; and
- ensure no bias occurs in the remuneration review process.

To meet these objectives, Executive remuneration may comprise three elements: total fixed remuneration (TFR), a short-term incentive and a long-term incentive. Together, these are structured to balance fixed and variable performance-based pay, with the variable components rewarding both annual and longer-term performance. Awards under the variable remuneration components are made at the discretion of the Board. The CEO may also approve discretionary performance bonuses of up to 15% of TFR for Executives and other employees.

The elements described below reflect the remuneration standard that applied during FY2026.

Total Fixed Remuneration (TFR) – fixed

TFR comprises base salary and statutory superannuation contributions. It is reviewed on appointment and annually thereafter.

Executive TFR is benchmarked against market data for comparable roles in peer companies of similar market capitalisation, industry and complexity. The RNG Committee seeks to position Executive TFR at or near the market median of its peer group, while retaining flexibility to take into account capability, experience, value to the organisation, and both Group and individual performance. External, independent advice may be sought at the Company's expense.

Short-Term Incentive (STI) – variable, at risk

The Company did not operate a formal short-term performance incentive plan in FY2026. However, to attract and retain Executives, performance rights may be granted on commencement of employment, some of which would typically vest after 12 months of continuous service. Granted at no cost, the rights convert into one ordinary share upon satisfaction of the vesting conditions and receipt of an exercise notice.

The CEO may also approve discretionary performance bonuses of up to 15% of TFR for Executives and other employees, delivered in cash or as performance rights under the ESIP. No performance bonuses were awarded in relation to FY2026.

4. Elements of remuneration (continued)

Long-Term Incentive (LTI) – variable, at risk

Executives may be offered long-term incentive opportunities at the Board's discretion through the grant of performance rights under the ESIP. Subject to vesting and continued service conditions, these rights convert to fully paid ordinary shares at no cost. The LTI framework is designed to align Executive rewards with sustained shareholder value creation.

LTI grants are determined with reference to the Company's share price performance, the Executive's responsibilities and the individual's experience. Grants typically occur at the commencement of employment or upon promotion and are not adjusted for performance in subsequent years.

No new LTI grants were made to Executive KMP in FY2026. Details of performance rights held by Executive KMP at 30 June 2026 are provided in Sections 9.2 and 9.3 of this Report.

5. Link between remuneration and performance

Statutory key performance indicators

Executive remuneration is designed to align the Group's strategic and business objectives with the creation of shareholder value. Table 2 below presents measures of the Group's financial performance as required by the Act. Given the Company's pre-development stage, the measures used to determine Executive KMP variable remuneration may differ from the statutory performance measures. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Table 2: Statutory key performance indicators over the last five years

Measure		2026	2025	2024	2023	2022
Loss after tax	$'000	(9,494)	(11,912)	(15,204)	(7,240)	(5,036)
Basic and diluted loss per share[1]	cps	(2.67)	(3.45)	(6.03)	(4.25)	(3.75)
Share price at start of year[1]	$	0.200	0.375	0.825	0.800	0.475
Share price at end of year[1]	$	0.150	0.200	0.375	0.825	0.800
(Decrease)/increase in share price	%	(25%)	(47%)	(55%)	3%	68%

1. During FY2026, the Company completed a 25:1 consolidation of its securities. Comparative basic and diluted loss per share and historical share prices have been retrospectively adjusted to reflect the consolidation.

6. Executive KMP remuneration

Table 3 below presents the remuneration of the Group's Executive KMP for the current and prior financial years, measured in accordance with the applicable accounting standards. The amounts disclosed represent total remuneration for each year, including remuneration costs capitalised to the Australian Vanadium Project.

Table 3: Executive KMP

		Fixed remuneration			Variable remuneration		
	Year	Cash salary $	Post-employment benefits $	Annual and long service leave entitlements $	Performance rights $	Total $	Performance related %
Executive KMP							
Graham Arvidson	**2026**	**471,348**	**30,000**	**14,634**	**(41,457)[1]**	**474,525**	**(9)**
	2025	452,866	30,113	7,542	96,555	587,076	16
Louis Mostert	**2026**	**386,252**	**29,991**	**51,269**	**30,965**	**498,477**	**6**
	2025	366,666	42,167	(3,959)	36,252	441,125	8
Tom Plant	**2026**	**360,784**	**30,000**	**19,940**	**43,438**	**454,162**	**10**
	2025	358,393	30,114	(6,523)	51,400	433,384	12
Todd Richardson	**2026**	**354,332**	**30,000**	**701**	**5,395**	**390,428**	**1**
	2025	361,774	29,999	47,795	11,898	451,465	3
Total Executive KMP Remuneration	**2026**	**1,572,716**	**119,991**	**86,544**	**38,341**	**1,817,592**	**2**
	2025	1,539,699	132,393	44,855	196,104	1,913,051	10
Total Non-Executive Director Remuneration[2]	**2026**	**436,382[3]**	**19,366**	**-**	**60,173**	**515,921**	**12**
	2025	665,129	25,871	-	27,631	718,631	4
Total Executive KMP and Non-Executive Director Remuneration	**2026**	**2,009,098**	**139,357**	**86,544**	**98,514**	**2,333,513**	**4**
	2025	2,204,828	158,264	44,855	223,735	2,631,682	9

1. The negative amount reflects the reversal of previously recognised share-based payment expense following a reassessment of the non-market vesting conditions attached to issued performance rights. As a result, 240,000 Tranche 18 performance rights were no longer expected to vest. The rights remained on issue at 30 June 2026.
2. Refer to Section 8 of this Report for further information on Non-Executive Director remuneration.
3. Additional Fees were paid to Mr Peter Watson during both FY2025 and FY2026 pursuant to his casual employment agreement with the Company. Refer to Section 8 for additional details.

7. Contractual arrangements with Executive KMP

Current remuneration and other terms of employment for Executive KMP are formalised in employment contracts. Major provisions are set out in Table 4 below. Refer to Table 3 above for details of the individual Executive KMP remuneration.

Table 4: Contractual arrangements with Executive KMP

Component	CEO	Other Executive KMP
Total Fixed Remuneration[1]	$577,500	Range between $407,405 and $474,320
Contract duration	Ongoing	
Notice by the individual/company	Six months' notice required by either the Company or the individual. No notice applies in cases of serious misconduct.	
Termination of employment (without cause)	Any unvested performance rights lapse on the earlier of: • six months after employment ends, or • the original expiry date, unless the Board exercises its discretion to extend this period. Vesting conditions remain unchanged. The Company may either: a) pay the Executive an amount equal to their remuneration for the notice period in lieu of service, or b) require the Executive to work all or part of the notice period, with payment in lieu of any remaining balance. Statutory entitlements are paid.	
Termination of employment (with cause)	Immediate termination with no notice period. All unvested STI and LTI are forfeited upon cessation of employment (classified as a "bad leaver"). Statutory entitlements are paid.	

1. Stated TFR amounts are shown as at 1 July 2026.

8. Non-Executive Director remuneration

Overview

The Company's Non-Executive Director fee policy is designed to attract and retain high-calibre directors who can effectively discharge the roles and responsibilities required for good governance, strong oversight, independence, and objectivity. The fees reflect the demands and responsibilities of the Directors whilst incurring a cost that is acceptable to shareholders.

The RNG Committee reviews Non-Executive Director remuneration annually, having regard to relevant market benchmarking, the Company's circumstances, and the responsibilities of the Directors. During FY2026, RemSmart independently benchmarked Non-Executive Director fees against a comparator group of ASX-listed companies, having regard to the Company's size, industry, and stage of development.

The Committee periodically reviews the appropriateness of the aggregate fee pool available to Non-Executive Directors. The current maximum annual aggregate fee pool is $750,000, as approved by shareholders at the Company's Annual General Meeting on 16 November 2023.

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including remuneration, relevant to the office of a director of the Company.

Non-Executive Director remuneration structure

Table 5 below summarises the standard annual Non-Executive Director fees, inclusive of superannuation, where applicable. Actual remuneration recognised during FY2026 reflects the temporary fee reduction described in Section 2 of this Report.

Table 5: Non-Executive Director fees inclusive of superannuation

	2026	2025
Non-Executive Chair	$141,000	$141,000
Other Non-Executive Directors[1]	$100,000	$100,000

1. Mr McClements was appointed as a Non-Executive Director on 1 April 2026 and has elected not to receive any Non-Executive Director fees.

No additional fees are currently paid to Non-Executive Directors for participation in Board Committees.

Non-Executive Directors are not entitled to retirement benefits other than statutory superannuation in accordance with applicable laws. There is no entitlement to compensation on termination of Non-Executive Directorships.

Non-Executive Directors' remuneration may include an incentive portion consisting of performance rights issued under the Company's ESIP, as considered appropriate by the Board and which may be subject to shareholder approval in accordance with ASX Listing Rules.

Separate from their duties as directors, Non-Executive Directors may perform extra services or make special exertions on behalf of AVL or its business, for which they may be separately remunerated (Additional Fees). Such arrangements, which are subject to Board approval, will be entered into pursuant to a separate agreement with the relevant Non-Executive Director and such compensation will be in addition to the Non-Executive Director fees referred to above.

During FY2025, the Company entered into a casual employment agreement with Mr Peter Watson, a Non-Executive Director of the Company, to provide technical and project development support in the advancement of the Company's strategy and other key business functions. The agreement with Mr Watson is for an annual fee of $100,000, including superannuation, payable in equal monthly instalments and is not for a fixed term. Mr Watson's contract was temporarily suspended for an interim period of six months, effective from 1 July 2025. The contract recommenced on 1 January 2026 on the same terms.

Directors are entitled to be reimbursed for reasonable expenses incurred whilst engaged in Company business. Payments for, or reimbursement of, expenses and any Additional Fees are not included in the aforementioned fee pool limit.

8. Non-Executive Director remuneration (continued)

The statutory disclosures required under the Act and in accordance with the accounting standards are set out in Table 6 below:

Table 6: Non-Executive Director remuneration

		Fixed remuneration				Variable remuneration		
	Year	Fee $	Remuneration for other services $	Superannuation $	Total fees and superannuation $	Performance rights $	Total $	Performance related %
Cliff Lawrenson	**2026**	**94,418**	**-**	**11,330**	**105,748**	**-**	**105,748**	**0**
	2025	128,881	-	12,119	141,000	-	141,000	0
Jo Gaines	**2026**	**75,000**	**-**	**-**	**75,000**	**10,659**	**85,659**	**12**
	2025	100,000	-	-	100,000	6,359	106,359	6
Daniel Harris	**2026**	**75,000**	**-**	**-**	**75,000**	**-**	**75,000**	**0**
	2025	100,000	-	-	100,000	-	100,000	0
James McClements[1]	**2026**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2025	-	-	-	-	-	-	-
Miriam Stanborough AM	**2026**	**66,964**	**-**	**8,036**	**75,000**	**24,757**	**99,757**	**25**
	2025	89,686	-	10,314	100,000	24,757	124,757	20
Anna Sudlow[2]	**2026**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2025	50,000	-	-	50,000	(28,242)	21,758	(130)
Peter Watson[3]	**2026**	**75,000**	**50,000**	**-**	**125,000**	**24,757**	**149,757**	**17**
	2025	99,140	97,422	3,438	200,000	24,757	224,757	11
Total Non-Executive Directors	**2026**	**386,382**	**50,000**	**19,366**	**455,748**	**60,173**	**515,921**	**12**
	2025	567,707	97,422	25,871	691,000	27,631	718,631	4

1. Mr McClements was appointed 1 April 2026 and elected not to receive any Non-Executive Director fees.
2. Ms Sudlow resigned effective 31 December 2024. Upon resignation, all unvested performance rights were forfeited, and the previously recognised share-based payment expense was reversed.
3. Additional Fees paid to Mr Peter Watson during both FY2025 and FY2026 pursuant to his casual employment agreement with the Company, which is detailed above.

8. Non-Executive Director remuneration (continued)

Performance rights granted to Non-Executive Directors during the year

No new performance rights were granted to Non-Executive Directors during FY2026.

9. Other statutory information

9.1 Shareholdings of KMP

Table 7 below summarises the movement in the number of ordinary shares in AVL held by each Director and Executive KMP (including their personally related parties) during FY2026.

Table 7: Movement in shareholdings of KMP

	Balance at 1 July 2025	Exercise of performance rights	Consolidation (25:1)	Acquisition	Balance at 30 June 2026
Non-Executive Directors					
Cliff Lawrenson	24,000,000	-	(23,040,000)	-	**960,000**
Jo Gaines	100,000	-	(96,000)	-	**4,000**
Daniel Harris	22,500,000	-	(21,600,000)	-	**900,000**
James McClements	-	-	-	-	**-**
Miriam Stanborough AM	1,400,000	-	(1,344,000)	-	**56,000**
Peter Watson	500,000	-	(480,000)	-	**20,000**
Executive KMP					
Graham Arvidson	10,539,474	-	(10,117,895)	-	**421,579**
Louis Mostert	5,651,316	-	(5,425,263)	-	**226,053**
Tom Plant	3,651,316	2,000,000	(5,425,263)	59,825[1]	**285,878**
Todd Richardson	9,793,125	-	(9,401,400)	-	**391,725**
Total	**78,135,231**	**2,000,000**	**(76,929,821)**	**59,825**	**3,265,235**

1. Acquired on market post-consolidation.

9. Other statutory information (continued)

9.2 Summary of performance rights held by KMP

All performance rights disclosed in this Section 9.2 are presented on a post-Consolidation basis, reflecting the 25:1 consolidation of the Company's securities completed in November 2025 (Consolidation). As at 30 June 2026, the Company had 3,380,006 performance rights on issue to KMP, comprising 1,200,006 rights held by Non-Executive Directors and 2,180,000 rights held by Executive KMP. Table 8 below summarises the rights by tranche, vesting condition and the number of unvested rights outstanding. As at 30 June 2026, no vested but unexercised performance rights were held by either Non-Executive Directors or Executive KMP.

Table 8: Performance rights held by Non-Executive Directors and Executive KMP at 30 June 2026

		Number on issue		
Tranche	**Vesting condition**	**Non-Executive Directors**	**Executive KMP**	**Total**
Tranche 15	The Company achieves a share price of at least $2.50[1] VWAP over 20 consecutive trading days on which the Company's shares have traded	400,002	400,000	**800,002**
Tranche 16	The Company achieves a share price of at least $3.75[1] VWAP over 20 consecutive trading days on which the Company's shares have traded	400,002	400,000	**800,002**
Tranche 17	The Company achieves a share price of at least $5.00[1] VWAP over 20 consecutive trading days on which the Company's shares have traded	400,002	400,000	**800,002**
Tranche 18	Final Investment Decision[2]	-	480,000	**480,000**
Tranche 19	Achievement of Nameplate Capacity for the Australian Vanadium Project	-	500,000	**500,000**
Total		**1,200,006**	**2,180,000**	**3,380,006**

1. The share price vesting thresholds for Tranches 15, 16 and 17 were originally $0.10, $0.15 and $0.20, respectively. Following the Consolidation, the thresholds were adjusted proportionately to $2.50, $3.75 and $5.00, respectively. This adjustment ensures the vesting conditions remain equivalent to those applying before the Consolidation and does not represent a substantive change to those conditions.

2. In relation to the Australian Vanadium Project.

Terms and conditions of performance rights held by Non-Executive Directors and Executive KMP

The performance rights carry no dividend or voting rights and are granted for nil consideration. On vesting and notice of exercise, they convert to one fully-paid ordinary share each.

If a performance right holder is deemed a "bad leaver" (e.g. resignation or termination for cause), all unvested rights will be automatically forfeited. In all other cases, any unvested rights will lapse on the earlier of the date six months after cessation of employment and the original expiry date, unless the Board exercises its discretion to extend that period. The vesting conditions applicable to the rights remain unchanged.

Other than adjustments to the share price vesting thresholds arising from the Consolidation described above, there were no changes to the terms of the performance rights on issue during FY2026.

9. Other statutory information (continued)

9.3 Reconciliation of performance rights and share options held by Non-Executive Directors and Executive KMP

Performance rights

The table below outlines movements in performance rights held by Non-Executive Directors and Executive KMP, including their personally related parties, during the year. No new performance rights were granted to Non-Executive Directors or Executive KMP during the year. Opening balances and movements occurring before the Consolidation are presented on a pre-consolidation basis, with the effect of the Consolidation shown as a separate movement, so that closing balances are presented on a post-consolidation basis and are consistent with Table 8.

Table 9: Movement in performance rights held by Non-Executive Directors and Executive KMP during FY2026

	Movements during FY2026					Balance at 30 June 2026	
	Year granted	Balance at 1 July 2025	Exercised		Consolidation (25:1)	Unvested	Maximum value yet to vest[1]
		Number	Number	%	Number	Number	$
Non-Executive Directors							
Jo Gaines	2024	10,000,000	-	-	(9,599,998)	400,002	27,449
Miriam Stanborough AM	2023	10,000,000	-	-	(9,599,998)	400,002	59,010
Peter Watson	2023	10,000,000	-	-	(9,599,998)	400,002	59,010
Executive KMP							
Graham Arvidson	2023	30,000,000	-	-	(28,800,000)	1,200,000	105,622
Louis Mostert	2023	10,000,000	-	-	(9,600,000)	400,000	76,099
Tom Plant	2023	12,000,000	(2,000,000)	17	(9,600,000)	400,000	104,489
Todd Richardson	2023	4,500,000	-	-	(4,320,000)	180,000	23,972
Total		**86,500,000**	**(2,000,000)**	**2**	**(81,119,994)**	**3,380,006**	**445,651**

1. The maximum value of the performance rights yet to vest has been determined as the amount of the fair value of the rights at the grant date that is yet to be expensed. The minimum value of performance rights yet to vest is nil, as the performance rights will be forfeited if the vesting conditions are not met.

All performance rights are subject to the terms and conditions detailed in Section 9.2 of this Report.

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length; however, the performance rights were granted to KMP at zero cost as part of their remuneration.

Share options

As at 30 June 2026, no options over unissued ordinary shares of the Company were held by any Non-Executive Director or Executive KMP. No such options were granted to, or forfeited by, Non-Executive Directors or Executive KMP during the year ended 30 June 2026.

9. Other statutory information (continued)

9.4 Performance based remuneration issued, granted or forfeited during the year

Performance rights – Non-Executive Directors

No new performance rights were issued or granted to Non-Executive Directors during FY2026.

No performance rights previously granted to Non-Executive Directors were forfeited during FY2026.

Performance rights – Executive KMP

No new performance rights were issued or granted to Executive KMP during FY2026.

No performance rights previously granted to Executive KMP were forfeited during FY2026.

9.5 Conversion of performance rights previously granted as compensation

During the year, Mr Tom Plant exercised his right to convert 2,000,000 Tranche 20 performance rights, which vested during FY2024, into 2,000,000 ordinary shares prior to the Consolidation. Following the Consolidation, these holdings are equivalent to 80,000 fully-paid ordinary shares.

No other performance rights previously granted as compensation to Directors or Executive KMP were converted into ordinary shares during the reporting period.

9.6 Other information

Loans with Directors and other KMP

Other than the RCF Loan Facility described below, there were no loans to, or from, Directors or other KMP, including their personally related parties, during the year ended 30 June 2026, and no loan balances were outstanding at that date.

Transactions with Directors and Executive KMP and their related parties

There were no transactions with any Directors or Executive KMP during the reporting period that were on more favourable terms than those available, or which might reasonably be expected to be available, to non-related parties on an arm's length basis.

During FY2025, the Company entered into a casual employment agreement with Mr Peter Watson, a Non-Executive Director of the Company, to provide technical and project development support in the advancement of the Company's strategy and other key business functions. The agreement provides for an annual fee of $100,000, including superannuation, payable in equal monthly instalments and is not for a fixed term. This fee is in addition to Mr Watson's Director fees detailed in Section 8 of this Report. Mr Watson's contract was temporarily suspended for a period of six months, effective from 1 July 2025. The contract recommenced on 1 January 2026 on the same terms.

Mr James McClements was appointed as a Non-Executive Director effective 1 April 2026. Mr McClements is the co-founder and Managing Partner of Resource Capital Funds (RCF). Funds managed by RCF are substantial shareholders of the Company and are the lenders under the Company's US$10 million secured loan facility, which was entered into on 30 September 2025, prior to Mr McClements' appointment. Mr McClements was appointed in his personal capacity and not as a nominee of RCF. He has elected not to receive any Non-Executive Director fees.

Following Mr McClements' appointment on 1 April 2026, transactions between the Company and RCF occurring from this date are considered related party transactions under AASB 124 *Related Party Disclosures* and are disclosed in Note 17 to the consolidated financial statements. Other than the Company's existing financing arrangements with RCF, no additional transactions were entered into with Mr McClements or his related parties during the reporting period.

No other transactions were entered into with Directors and Executive KMP during the reporting period.

9. Other statutory information (continued)

Reliance on external remuneration consultants

The RNG Committee engaged RemSmart to provide independent benchmarking of Executive KMP remuneration and Non-Executive Director fees in support of the Group's FY2026 remuneration review. Further information is provided in Section 3 of this Report. RemSmart did not provide a recommendation for remuneration as defined in the Act.

Voting of shareholders at last year's Annual General Meeting

Australian Vanadium Limited received more than 91% of "yes" votes on its remuneration report for the 2025 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Share trading policy

All KMP and employees are subject to the Company's Securities Trading Policy, which sets out the governance approach for dealing in the Company's securities. A copy is available at https://www.avl.au/about-us/corporate-governance/.

This concludes the Remuneration Report, which has been audited.

Auditor's Declaration of Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 63.

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

On behalf of the Directors

Cliff Lawrenson
Non-Executive Chair

25 September 2026

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF AUSTRALIAN VANADIUM LIMITED

As lead auditor of Australian Vanadium Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Vanadium Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit Pty Ltd

Perth

25 September 2026

Financial Report

Consolidated Financial Statements

GENERAL INFORMATION

The consolidated financial statements cover Australian Vanadium Limited as a Group and consist of Australian Vanadium Limited and the entities it controlled at the end of, or during, the year ended 30 June 2026. The consolidated financial statements are presented in Australian dollars, which is Australian Vanadium Limited's functional and presentation currency.

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

Australian Vanadium Limited
Level 2, 50 Kings Park Road,
West Perth, Western Australia.

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report, which is not part of the consolidated financial statements.

The consolidated financial statements were authorised for issue by the Directors on 25 September 2026. The Directors have the power to amend and reissue the consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

	Notes	Consolidated 2026 $'000	2025 $'000
Revenue from contracts with customers		-	624
Cost of sales		-	(626)
Gross loss		**-**	**(2)**
Other income		**1,206**	7
Interest revenue		**610**	1,155
Expenses			
Depreciation	7	**(1,077)**	(1,067)
Exploration and evaluation expenditure expensed		**(2)**	(38)
Inventory write-down		**(21)**	(46)
Finance costs	3	**(1,583)**	(230)
Decrease / (increase) in make good provision for leases		-	277
Directors' fees and benefits expense		**(516)**	(719)
Employee benefits expense	4(a)	**(4,164)**	(5,657)
General and administrative expenses	4(b)	**(3,947)**	(5,592)
Loss before income tax expense		**(9,494)**	**(11,912)**
Income tax expense	5	-	-
Net loss after income tax expense for the year		**(9,494)**	**(11,912)**
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Movement in fair value of investment classified as fair value through OCI (FVOCI)		**(167)**	130
Total comprehensive loss for the year		**(9,661)**	**(11,782)**
		Cents	Cents
Basic and diluted loss per share	23	**(2.67)**	(3.45)
		Number	Number
Weighted average shares	23	**354,994,578**	345,260,765

The above consolidated 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

	Notes	Consolidated 2026 $'000	2025 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**17,852**	11,491
Trade and other receivables		**754**	762
Inventories		**373**	381
Total current assets		**18,979**	**12,634**
Non-current assets			
Property, plant and equipment	7	**5,628**	6,533
Exploration and evaluation asset	8	**124,611**	124,108
Financial assets		**56**	222
Total non-current assets		**130,295**	**130,863**
TOTAL ASSETS		**149,274**	**143,497**
LIABILITIES			
Current liabilities			
Trade and other payables	9	**1,697**	6,295
Provisions		**470**	409
Grant liability	10	**2,314**	4,156
Lease liabilities		**582**	508
Total current liabilities		**5,063**	**11,368**
Non-current liabilities			
Borrowings	11	**12,505**	-
Provisions		**260**	226
Lease liabilities		**1,458**	2,025
Total non-current liabilities		**14,223**	**2,251**
TOTAL LIABILITIES		**19,286**	**13,619**
NET ASSETS		**129,988**	**129,878**
EQUITY			
Issued capital	12	**239,128**	231,796
Reserves	13	**2,166**	(106)
Accumulated losses		**(111,306)**	(101,812)
TOTAL EQUITY		**129,988**	**129,878**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

	Consolidated					
	Issued capital $'000	Accumulated losses $'000	Share options reserve $'000	Fair value reserve $'000	Share-based payment reserve $'000	Total $'000
Balance as at 1 July 2024	**231,051**	**(90,134)**	**-**	**(1,477)**	**1,506**	**140,946**
Total loss for the year	-	(11,912)	-	-	-	(11,912)
Movement in fair value of investments recognised in equity	-	-	-	130	-	130
Total comprehensive loss	**-**	**(11,912)**	**-**	**130**	**-**	**(11,782)**
Issued as consideration for services	131	-	-	-	-	131
Recognition of share-based payments (Note 14)	-	234	-	-	176	410
Issued on conversion of performance rights (Note 12)	138	-	-	-	(138)	-
FY24 Performance bonus – shares issued	180	-	-	-	-	180
Expiry of securities	303	-	-	-	(303)	-
Cancellation of ordinary partly paid shares	(7)	-	-	-	-	(7)
Balance as at 30 June 2025	**231,796**	**(101,812)**	**-**	**(1,347)**	**1,241**	**129,878**
Balance as at 1 July 2025	**231,796**	**(101,812)**	**-**	**(1,347)**	**1,241**	**129,878**
Total loss for the year	-	(9,494)	-	-	-	(9,494)
Movement in fair value of investments recognised in equity	-	-	-	(167)	-	(167)
Total comprehensive loss	**-**	**(9,494)**	**-**	**(167)**	**-**	**(9,661)**
Issue of ordinary shares via placement	7,500	-	-	-	-	7,500
Issue of share options (Note 13)	-	-	2,479	-	-	2,479
Issued as consideration for services	280	-	-	-	-	280
Recognition of share-based payments (Note 14)	-	-	-	-	132	132
Issued on conversion of performance rights (Note 12)	172	-	-	-	(172)	-
Share issue costs	(620)	-	-	-	-	(620)
Balance as at 30 June 2026	**239,128**	**(111,306)**	**2,479**	**(1,514)**	**1,201**	**129,988**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Notes	Consolidated 2026 $'000	Consolidated 2025 $'000
Cash flows from operating activities			
Payments to suppliers and employees		**(9,492)**	(13,755)
Finance costs paid		**(452)**	(204)
Receipts from Research and Development Tax Incentives		**1,206**	-
Exploration and evaluation expenditure expensed		**(2)**	(25)
Net receipts from other entities		**32**	443
Net cash outflow from operating activities	20	**(8,708)**	**(13,541)**
Cash flows from investing activities			
Interest received		**610**	1,174
Expenditure on mining interests		**(8,588)**	(16,882)
Receipts from government grants	10	**4,900**	-
Receipts from Research and Development Tax Incentives		**1,343**	4,869
Payments for property, plant and equipment		**(7)**	(91)
Proceeds on disposal of property, plant and equipment		**1**	-
Payments for other non-current assets		**(3,645)**	(45)
Net cash (outflow) from investing activities		**(5,386)**	**(10,975)**
Cash flows from financing activities			
Net proceeds from borrowings	11	**13,937**	-
Net proceeds from issue of shares	12	**7,027**	-
Principal element of lease payments		**(509)**	(413)
Net cash inflow / (outflow) from financing activities		**20,455**	**(413)**
Net increase / (decrease) in cash and cash equivalents		**6,361**	(24,929)
Cash and cash equivalents at the beginning of the year		**11,491**	36,420
Cash and cash equivalents at the end of the year	6	**17,852**	**11,491**

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

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth), as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Material accounting policies

Material accounting policy information relevant to an understanding of the consolidated financial statements is included within the relevant notes. Where appropriate, the wording has been simplified to make it clearer and more specific to the Group. Accounting policy information has not been disclosed where it is generic, relates to immaterial transactions or is not relevant to the Group. There have been no changes to the Group's accounting policies that are no longer disclosed in the consolidated financial statements.

Key judgements, estimates and assumptions

In applying the Group's accounting policies, management has made a number of judgements and assumptions and has applied estimates of future events. Judgements, estimates and assumptions which are material to the financial report are found in the following notes:

Note 5	'Income tax'
Note 7	'Property, plant and equipment'
Note 8	'Exploration and evaluation asset'
Note 13	'Reserves'
Note 14	'Share-based payments'

New or amended Accounting Standards and Interpretations

The Group has adopted all new and amended Australian Accounting Standards and Interpretations that are mandatory for the reporting period beginning 1 July 2025. Their adoption did not have a material effect on the amounts recognised or disclosures presented in the consolidated financial statements.

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

AASB 18 *Presentation and Disclosure in Financial Statements* will replace AASB 101 *Presentation of Financial Statements* and applies to the Group for the financial year beginning 1 July 2027. AASB 18 introduces new requirements for the classification of income and expenses, subtotals in the statement of profit or loss, management-defined performance measures and aggregation and disaggregation of financial information. The Group is assessing the effect of the standard on the presentation and disclosure of its consolidated financial statements. AASB 18 is not expected to affect the recognition or measurement of the Group's assets, liabilities, income or expenses.

1. BASIS OF PREPARATION (continued)

Going Concern

The consolidated financial statements of the Group for the year ended 30 June 2026 have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2026, the Group recorded an after-tax loss of $9.5 million (2025: after-tax loss of $11.9 million).

The Group had cash outflows from operating activities of $8.7 million and investing activities of $5.4 million for the year ended 30 June 2026 (2025: cash outflows from operating activities of $13.5 million and investing activities of $11 million).

At 30 June 2026, the Group held cash and cash equivalents of $17.9 million (2025: $11.5 million), including grant funds of $2.3 million (2025: $4.2 million), which may only be applied to eligible activities in accordance with the grant agreement. The Group had net working capital as at 30 June 2026 (excluding grant liability) of $16.2 million (2025: $5.4 million).

The contractual amount payable under the RCF Loan Facility at 30 June 2026 was $15.6 million (30 June 2025: nil), comprising loan principal and capitalised interest of $15.3 million and accrued interest of $0.3 million. The RCF Loan Facility matures on 21 October 2027. In addition, the Group had outstanding commitments at 30 June 2026 of $0.3 million relating to the Australian Vanadium Project and $0.9 million of exploration obligations, all due within 12 months (refer to Note 16 to the consolidated financial statements).

Based on the Group's cash flow forecast, the Group will require additional funding in the next 12 months to enable it to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its projects and development activities.

The Group's ability to continue as a going concern is dependent on securing additional funding through the issue of equity, the raising of debt, the sale of all or part of its interests in its assets, or a combination of these measures.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

The Directors believe that as at the date of signing the financial report, there are reasonable grounds to believe that the Group will be able to secure sufficient additional funding and/or implement expenditure reductions or other measures necessary to meet its obligations as and when they fall due. Accordingly, the Directors consider that preparation of the consolidated financial statements on a going concern basis is appropriate.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. The consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities, that may be necessary if the Group is unable to continue as a going concern.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets and liabilities.

Parent entity information

In accordance with the *Corporations Act 2001* (Cth), these financial statements present the results of the Group only. Supplementary information about Australian Vanadium Limited, the parent entity, is disclosed in Note 18 of the consolidated financial statements.

1. BASIS OF PREPARATION (continued)

Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and statement of changes in equity, respectively.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from or payable to the tax authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any indication of impairment exists, the Group estimates the asset's recoverable amount. An impairment loss is recognised in the statement of profit or loss and other comprehensive income when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is calculated as the present value of the estimated future cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the cash flow estimates have not already been adjusted.

Where an asset does not generate cash inflows that are largely independent of those generated by other assets, recoverable amount is determined for the cash-generating unit to which the asset belongs.

At each reporting date, the Group assesses whether there is any indication that an impairment loss recognised in a previous period for an asset other than goodwill may no longer exist or may have decreased. An impairment loss is reversed only where there has been a change in the estimates used to determine the asset's recoverable amount since the impairment loss was recognised.

A reversal is limited so that the revised carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. Reversals are recognised in the statement of profit or loss and other comprehensive income. Following a reversal, depreciation or amortisation is adjusted prospectively to allocate the revised carrying amount, less any residual value, over the asset's remaining useful life.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183. Amounts in this financial report have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise stated.

2. SEGMENT INFORMATION

Description of segments

The Group identified its operating segments based on the internal reports reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and determining the allocation of resources. The operating segments of the Group are:

Upstream	**Australian Vanadium Project**	Evaluation and feasibility of the Australian Vanadium Project
Midstream	**Electrolyte Manufacturing**	Manufacture of vanadium electrolyte
Downstream	**Energy Storage (VSUN Energy)**	Sale, development and deployment of utility-scale vanadium flow batteries by VSUN Energy

Recognition and measurement

The accounting policies applied by the Group for internal segment reporting are consistent with those applied throughout the notes to the consolidated financial statements and with those applied in the prior period.

Operating segment information

The following tables present segment information provided to the executive management team for the reportable segments for the years ended 30 June 2026 and 30 June 2025, respectively.

	Upstream	Midstream	Downstream		
30 June 2026	**Australian Vanadium Project $'000**	**Electrolyte Manufacturing $'000**	**Energy Storage $'000**	**Corporate $'000**	**Total $'000**
Sales to external customers	-	-	-	-	-
Other revenue[1]	-	668	538	-	1,206
Interest received	-	-	3	607	610
Total segment revenue	**-**	**668**	**541**	**607**	**1,816**
Total segment loss	**(311)**	**(1,430)**	**(2,139)**	**(5,614)**	**(9,494)**
Total segment assets	**125,616**	**3,758**	**404**	**19,496**	**149,274**
Total segment liabilities	**3,363**	**1,048**	**288**	**14,587**	**19,286**
Inventory write-down	-	(8)	(13)	-	(21)
Depreciation	(234)	(552)	(25)	(266)	(1,077)
Finance costs	(77)	(72)	-	(1,434)	(1,583)

1. Other income includes amounts received under the Australian Government's Research and Development Tax Incentive scheme relating to expenditure recognised as an expense in the consolidated statement of profit or loss and other comprehensive income.

2. SEGMENT INFORMATION (continued)

Operating segment information (continued)

30 June 2025	Upstream Australian Vanadium Project $'000	Midstream Electrolyte Manufacturing $'000	Downstream Energy Storage $'000	Corporate $'000	Total $'000
Sales to external customers	-	11	613	-	624
Other revenue	-	-	-	7	7
Interest received	-	-	1	1,154	1,155
Total segment revenue	**-**	**11**	**614**	**1,161**	**1,786**
Total segment results	**(308)**	**(1,449)**	**(3,414)**	**(6,741)**	**(11,912)**
Total segment assets	**125,113**	**4,300**	**240**	**13,844**	**143,497**
Total segment liabilities	**5,205**	**1,106**	**243**	**7,065**	**13,619**
Inventory write-down	-	-	(46)	-	(46)
Depreciation	(197)	(794)	(26)	(50)	(1,067)
Finance costs	(73)	(76)	-	(81)	(230)

3. FINANCE COSTS

Recognition and measurement

Finance costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred, except where they are directly attributable to a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Finance costs on borrowings measured at amortised cost are recognised using the effective interest rate method. These include contractual interest, amortisation of directly attributable transaction costs and the unwinding of loan discounts. Interest on the RCF Loan Facility is recognised as a finance cost as it accrues, regardless of whether it is paid in cash or capitalised to the loan balance. Refer to Note 11.

Interest expense on lease liabilities is recognised over the lease term so as to produce a constant periodic rate of interest on the remaining lease liability.

Interest associated with other financial liabilities is recognised as a finance cost as it accrues.

	Consolidated	
	2026 $'000	**2025 $'000**
RCF Loan Facility (refer to Note 11):		
Interest expense	**1,225**	-
Unrealised foreign exchange gain on USD borrowings	**(819)**	-
Unwind of loan discount	**536**	-
Amortisation of deferred borrowing costs	**358**	-
Interest expense – lease liabilities	**186**	204
Other interest expense	**97**	26
	1,583	**230**

4. OTHER EXPENSES

	Consolidated	
	2026 $'000	2025 $'000
(a) Employee benefits expense		
Salaries and wages	**3,405**	3,952
Superannuation expense	**355**	446
Payroll tax	**217**	301
Redundancy and termination benefits	**115**	395
Performance bonus	**-**	180
Share-based payments (refer to Note 14)	**72**	383
	4,164	**5,657**
(b) General and administrative expenses		
Stock exchange listing and share registry fees	**188**	178
Property, occupancy and office expenses	**304**	287
Legal fees	**506**	378
Consulting and professional fees	**1,602**	2,944
Travel and accommodation expenses	**160**	244
Other corporate and administrative expenses	**1,187**	1,561
	3,947	**5,592**

5. INCOME TAX

Australian Vanadium Limited and its wholly owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2021 with Australian Vanadium Limited as the head entity.

Members of the tax-consolidated group have entered into a tax sharing agreement, which limits the joint and several liabilities of the wholly owned entities in the case of a default by the head entity on its tax payment obligations.

Members of the tax consolidated group have also entered into a tax funding agreement under which the wholly owned entities fully compensate Australian Vanadium Limited for any current tax payable assumed and are compensated by Australian Vanadium Limited for any current tax receivable.

Recognition and measurement

Current taxes

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.

5. INCOME TAX (continued)

Deferred taxes

Deferred tax is recognised for temporary differences between the carrying amounts and tax bases of assets and liabilities, and for unused tax losses and credits. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised and are reviewed at each reporting date.

Deferred tax assets and liabilities are measured using tax rates enacted or substantively enacted at the reporting date that are expected to apply when the assets are recovered or liabilities settled. They are offset where there is a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

Deferred tax is recognised in profit or loss, except where it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised on the same basis.

(a) Income tax expense

Major components of income tax expense for the years ended 30 June 2026 and 30 June 2025 are as follows:

	Consolidated	
	2026 $'000	**2025 $'000**
Statement of profit or loss and other comprehensive income		
Current income		
Current income tax benefit	**(5,148)**	(7,737)
Current income tax not recognised	**5,148**	7,737
Deferred income tax		
Relating to origination and reversal of temporary differences	**(2,145)**	1,374
Deferred tax benefit not recognised	**2,145**	(1,374)
Income tax expense	**-**	-

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 30 June 2026 and 30 June 2025 is as follows:

	Consolidated	
	2026 $'000	**2025 $'000**
Accounting loss before income tax	**(9,494)**	(11,912)
Tax benefit at the Australian corporate tax rate of 25% (2025: 25%)	**(2,374)**	(2,978)
Tax effect of:		
Non-deductible expenses	**170**	106
Non-assessable income	**1,225**	(12)
Research and development tax incentive adjustments	**(637)**	1,217
Deferred tax assets not recognised	**1,616**	1,667
Income tax expense	**-**	-

5. INCOME TAX (continued)

(b) Deferred tax assets / (liabilities)

Deferred tax assets / (liabilities) have not been recognised in respect of the following items:

	Consolidated	
	2026 $'000	2025 $'000
Liabilities:		
Inventory	**170**	164
Property, plant and equipment	**378**	422
Prepaid expenditure	**(114)**	(113)
Capitalised exploration expenditure	**(17,199)**	(15,317)
Total deferred tax liabilities	**(16,765)**	**(14,844)**
Assets:		
Investments	**378**	344
Right of Use Assets	**76**	65
Trade and other payables	**4**	14
Provisions	**187**	163
Business related costs	**548**	797
Foreign exchange	**(208)**	-
Tax losses	**49,723**	47,029
Total deferred tax assets	**50,708**	**48,412**
Net deferred tax asset not recognised	**33,943**	**33,568**

Key judgements, estimates and assumptions

At 30 June 2026, the Group had deductible temporary differences and unused tax losses for which a net deferred tax asset of $33.9 million was not recognised. The existence of unused tax losses is evidence that future taxable profits may not be available. Having regard to the Group's history of tax losses and the current stage of development of its projects, the Directors concluded that at this point in time it is not probable that sufficient taxable profits will be available to support recognition of the net deferred tax asset.

The unrecognised deferred tax asset may be recognised in future periods only where it becomes probable that sufficient taxable profits will be available against which the deductible temporary differences and tax losses can be utilised.

The utilisation of the tax losses is subject to the Group continuing to satisfy the relevant requirements of Australian tax legislation. The tax losses do not expire under current Australian tax legislation, subject to continued compliance with those requirements.

6. CASH AND CASH EQUIVALENTS

Recognition and measurement

Cash and cash equivalents comprise cash on hand, cash at bank and short-term deposits with financial institutions that have an original maturity of three months or less from the date of acquisition, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	Consolidated	
	2026 $'000	**2025 $'000**
Cash at bank	**568**	580
Short-term deposits[1]	**17,284**	10,911
	17,852	**11,491**

1. Short-term deposits include $2.3 million (2025: $4.2 million) of unspent funding received under the Australian Government's $49 million Modern Manufacturing Initiative – Manufacturing Collaboration Stream (MMI-C) grant for the Australian Vanadium Project. These funds may only be applied to eligible activities in accordance with the grant agreement. A corresponding grant liability of $2.3 million has been recognised at 30 June 2026 (2025: $4.2 million). Refer to Notes 8 and 10 for further information on the MMI-C grant and the Group's grant liability. Short-term deposits also include $0.5 million (2025: $0.5 million) of restricted cash held as security for cash-backed bank guarantees.

Minimum cash balance covenant

The Group must maintain a consolidated cash balance of more than $2.0 million at all times, excluding cash that is not freely available to meet general trade creditor obligations and amounts relating to government or other third-party grants (refer to Note 11).

7. PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Property, plant and equipment is measured at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

Subsequent expenditure is capitalised as part of the asset's carrying amount, or recognised as a separate asset where appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Repairs and maintenance are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

Right of use assets

The Group recognises right of use assets in respect of its property leases. Right of use assets are initially measured at cost, comprising:

- the initial amount of the corresponding lease liability;
- lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs; and
- an estimate of costs to dismantle and remove the underlying asset or restore the asset or site, where the Group incurs such an obligation.

Right of use assets are subsequently measured at cost less accumulated depreciation and any impairment losses and are adjusted for certain remeasurements of the corresponding lease liabilities.

Right of use assets are depreciated on a straight-line basis over the relevant lease term.

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation

Depreciation commences when an asset is available for use, being when it is in the location and condition necessary for it to operate in the manner intended by management. Depreciation is calculated on a straight-line basis to allocate the cost of an asset, net of its residual value, over its estimated useful life as follows:

Plant and equipment	5 -10 years
Motor vehicles	8 years
Buildings	Lease term

The assets' residual values and useful lives are reviewed and adjusted where appropriate at the end of each reporting period.

Assets under construction

Assets under construction are measured at cost less any recognised impairment losses. Cost includes expenditure directly attributable to the acquisition or construction of the asset.

Assets under construction are not depreciated. When an asset is completed and available for use, it is transferred to the appropriate class of property, plant and equipment and depreciation commences when it is available for use.

Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the asset's carrying amount and is recognised in the statement of profit or loss and other comprehensive income in the period the item is derecognised.

	Plant & equipment $'000	Motor vehicles $'000	Assets under construction $'000	Right of use assets $'000	Total $'000
Balance at as at 1 July 2024	**4,133**	**143**	**322**	**1,884**	**6,482**
Additions	91	-	167	895	1,153
Transfer to inventory	-	-	(35)	-	(35)
Depreciation expense	(533)	(26)	-	(508)	(1,067)
Balance as at 30 June 2025	**3,691**	**117**	**454**	**2,271**	**6,533**
Cost	4,952	242	454	3,397	9,045
Accumulated depreciation	(1,261)	(125)	-	(1,126)	(2,512)
Balance as at 30 June 2025	**3,691**	**117**	**454**	**2,271**	**6,533**
Balance at as at 1 July 2025	**3,691**	**117**	**454**	**2,271**	**6,533**
Additions	7	-	172	-	179
Transfer to inventory	-	(7)	-	-	(7)
Depreciation expense	(511)	(19)	-	(547)	(1,077)
Balance as at 30 June 2026	**3,187**	**91**	**626**	**1,724**	**5,628**
Cost	4,959	203	626	3,397	9,185
Accumulated depreciation	(1,772)	(112)	-	(1,673)	(3,557)
Balance as at 30 June 2026	**3,187**	**91**	**626**	**1,724**	**5,628**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Key judgements, estimates and assumptions

The estimations of useful lives, residual value and depreciation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances that affect specific assets or groups of assets, such as changes in contract terms or when an asset changes from idle to active use. These changes are limited to specific assets and, as such, any reasonably possible change in the estimate is unlikely to have a material impact on the estimations of useful lives, residual value or amortisation methods.

8. EXPLORATION AND EVALUATION ASSET

Recognition and measurement

Exploration and evaluation expenditure includes the cost of acquiring exploration rights and expenditure incurred in the exploration and evaluation of areas of interest for which rights of tenure are current.

Exploration and evaluation expenditure is capitalised as an asset for each area of interest where either:

- the expenditure is expected to be recovered through the successful development and exploitation of the area of interest or through its sale; or
- exploration and evaluation activities are continuing and have not yet reached a stage at which a reasonable estimate of the existence (or otherwise) of economically recoverable ore reserves can be made.

Expenditure incurred before the Group has obtained the legal right to explore an area is recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

Exploration and evaluation assets are not depreciated or amortised while they remain in the exploration and evaluation phase.

Government grants and incentives, such as the Research and Development Tax Incentive (R&DTI), that relate to exploration and evaluation assets or to the acquisition or construction of qualifying assets are accounted for under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance.*

In relation to R&DTI payments, these are recognised and deducted from the carrying amount of the related asset when received.

In relation to Government grants, eligible amounts are deducted from the carrying amount of the related asset as the eligible expenditure is incurred and paid. Grant funds received in advance of recognising eligible expenditure are recorded as a grant liability. Refer to Note 10 for further detail on the Group's grant liability.

	Consolidated	
	2026 $'000	**2025 $'000**
Balance as at 1 July	**124,108**	126,069
Expenditure capitalised during the period	**8,588**	16,882
R&D tax incentives on capitalised costs	**(1,343)**	(4,869)
Eligible grant expenditure recognised – MMI-C Grant (refer to Note 10)[1]	**(6,742)**	(13,974)
Balance as at 30 June	**124,611**	**124,108**

1. In the year ended 30 June 2026, the Group recognised $6.7 million in eligible expenditure under the MMI-C Grant in relation to the Australian Vanadium Project, which was offset against the carrying amount of the exploration and evaluation assets in accordance with AASB 120. Refer to Note 10 for further details.

8. EXPLORATION AND EVALUATION ASSET (continued)

Key judgements, estimates and assumptions

Key judgements are applied to make certain estimates as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. At each reporting date, the Group considers facts and circumstances that may indicate the carrying amount of its exploration and evaluation assets exceeds its recoverable amount. If such indicators exist, the relevant asset (or cash-generating unit) is tested for impairment in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* and AASB 136 *Impairment of Assets.* To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made. No indicators of impairment were identified as at 30 June 2026.

9. TRADE AND OTHER PAYABLES

Recognition and measurement

Trade and other payables represent liabilities for goods and services received and other obligations incurred by the Group before the end of the reporting period that remain unpaid. These amounts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are unsecured, non-interest-bearing and are generally settled in accordance with normal commercial terms.

	Consolidated	
	2026 $'000	**2025 $'000**
Current		
Trade payables	**887**	1,668
Accruals	**539**	4,551
Other liabilities	**271**	76
	1,697	**6,295**

Prior year accruals balance included $3.7 million for stamp duty payable in connection with the merger with Technology Metals Australia. The stamp duty liability was settled during the year ended 30 June 2026.

10. GRANT LIABILITY

Recognition and measurement

Government grants are recognised when there is reasonable assurance that the grant will be received and that all attached conditions will be met.

When a grant is related to the acquisition, construction, or production of a qualifying asset (including exploration and evaluation assets) and is received in advance of incurring eligible expenditure on the asset, the grant is initially recognised as a liability in the consolidated statement of financial position upon receipt. As eligible expenditure is incurred and paid, the grant is applied as a deduction from the carrying amount of the related asset, with a corresponding reduction in the grant liability.

For grants related to operating expenditure, income is recognised on a systematic basis over the periods in which the related expenses, for which the grant is intended as compensation, are recognised.

If grant conditions are not fully satisfied, a portion of the grant may be repayable, subject to the requirements of the relevant performance conditions.

10. GRANT LIABILITY (continued)

	Consolidated	
	2026 $'000	**2025 $'000**
Balance as at 1 July	**4,156**	18,130
Grant funds received	**4,900**	-
Eligible expenditure recognised (offset against assets)[1]	**(6,742)**	(13,974)
Balance as at 30 June	**2,314**	**4,156**

1. In the year ended 30 June 2026, the Group recognised $6.7 million (2025: $14.0 million) in eligible expenditure under the MMI-C Grant in relation to the Australian Vanadium Project, which was deducted from the cost of the exploration and evaluation asset in relation to the Australian Vanadium Project in accordance with AASB 120. An additional $4.9 million of MMI-C Grant funds were received during the year. Refer to Note 8 for further details regarding the MMI-C Grant and the Group's exploration and evaluation assets.

11. BORROWINGS

Recognition and measurement

Initial recognition and measurement

Borrowings are recognised initially at fair value, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking the initial carrying amount, adjusted for principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the amount repayable at maturity, using the effective interest rate. The effective interest rate allocates interest expense over the expected life of the borrowing and incorporates any transaction costs, fees and other premiums or discounts that are an integral part of the borrowing's yield.

Interest expense arising from the effective interest method is recognised as a finance cost in the statement of profit or loss and other comprehensive income (refer to Note 3). Gains and losses are recognised in the statement of profit or loss and other comprehensive income when borrowings are derecognised and through the amortisation process.

Where borrowings are denominated in a foreign currency, the liability is translated at the reporting date exchange rate, with exchange rate differences recognised as a finance cost in the statement of profit or loss and other comprehensive income.

Derecognition

Borrowings are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing borrowing is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability is recognised. The difference between the carrying amount of the borrowing derecognised and the consideration paid (including any non-cash assets transferred or liabilities assumed) plus or minus any new liability recognised is recognised in the statement of profit or loss and other comprehensive income.

	Consolidated	
	2026[1] $'000	**2025 $'000**
RCF Loan Facility	**14,558**	-
Loan discount – share options (refer to Note 13)	**(1,797)**	-
Deferred borrowing costs	**(1,302)**	-
Capitalised interest	**744**	-
Accrued interest	**302**	-
	12,505	**-**

1. All USD balances were converted at 30 June 2026 at an AUD:USD exchange rate of 0.6869. As the RCF Loan Facility is denominated in USD, the carrying amounts presented above reflect the impact of foreign exchange movements recognised during the year, which are included within each line of the table. Unrealised foreign exchange gains or losses arising on retranslation of the USD denominated liability are recognised in finance costs (refer to Note 3).

11. BORROWINGS (continued)

In September 2025, the Company entered into a US$10 million secured floating rate loan facility (RCF Loan Facility) with major shareholder RCF Private Equity Fund I L.P. (RCF PE I; formerly known as Resource Capital Fund VII L.P.) and Resource Capital Fund (Cardinal) L.P., a Delaware limited partnership which is managed by RCF Management L.L.C. The RCF Loan Facility was fully drawn down, less an establishment fee of 4% of the principal, which was deducted from the drawdown proceeds, in October 2025. Net proceeds after fees were A$13.9 million.

The material terms of the RCF Loan Facility are as follows:

Principal:	US$10,000,000
Maturity:	21 October 2027, being two years following the first drawdown.
Coupon:	3-month term SOFR plus 8%, payable quarterly. Interest may be capitalised or paid in cash, at the Company's election.
Amortisation:	100% bullet on maturity.
Security:	Over all assets of the Company and each guarantor, and mortgages over the tenements of the Australian Vanadium Project (subject to limited agreed exceptions and any required consents being obtained).
Minimum cash balance loan covenant	AVL's consolidated cash balance (less amounts that are: (a) not freely available to meet general obligations to trade creditors; and (b) related to any grant from the Commonwealth of Australia or any other governmental or third-party source) must exceed $2 million at all times.

The Group complied with the minimum cash balance covenant at 30 June 2026 and throughout the period from drawdown to 30 June 2026.

As the RCF Loan Facility is US-dollar denominated, monthly foreign exchange revaluation gains/losses are recognised as a finance cost in the consolidated statement of profit or loss and other comprehensive income.

On drawdown of the RCF Loan Facility, the Company issued 431,732,904 unlisted options to RCF PE I for nil cash consideration. The options were issued with an exercise price of $0.0139 per share and expire five years from the date of issue. On 26 November 2025, the Company completed a 25:1 consolidation of its securities. As a result, the number of options was reduced from 431,732,904 to 17,269,317, and the exercise price was adjusted from $0.0139 to $0.3475 to reflect the consolidation. Refer to Note 13 for further details.

Fair value

The fair value of the RCF Loan Facility approximates to the carrying amount since the interest payable on these borrowings reflects market rates.

12. ISSUED CAPITAL

Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	Consolidated			
	2026 Number	**2025 Number**	**2026 $'000**	**2025 $'000**
Fully paid ordinary shares	**375,629,796**	8,634,658,076	**244,354**	236,402
Less: cumulative share issue costs	**-**	-	**(5,226)**	(4,606)
Total issued capital	**375,629,796**	**8,634,658,076**	**239,128**	**231,796**

12. ISSUED CAPITAL (continued)

Ordinary shares

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.

Each ordinary share carries one vote on a poll. Shareholders' voting rights are otherwise governed by the Company's Constitution and the *Corporations Act 2001* (Cth).

Movement in fully paid ordinary shares

	Number	$'000
Opening balance as at 1 July 2024	**8,610,503,149**	**235,952**
Issue of shares as consideration for services	8,679,489	132
Issue of shares on conversion of performance rights	3,633,332	138
Issue of performance shares	11,842,106	180
Balance as at 30 June 2025	**8,634,658,076**	**236,402**
Share issue costs written off against issued capital	-	(4,606)
Total issued capital as at 30 June 2025	**8,634,658,076**	**231,796**
Opening balance as at 1 July 2025	**8,634,658,076**	**236,402**
Issue of shares as consideration for services	**28,310,430**	280
Issue of shares on conversion of performance rights	**6,531,336**	172
Consolidation (25:1)	**(8,322,716,782)**	-
Issues of ordinary shares via placement	**28,846,736**	7,500
Balance as at 30 June 2026	**375,629,796**	**244,354**
Share issue costs written off against issued capital	**-**	**(5,226)**
Total issued capital as at 30 June 2026	**375,629,796**	**239,128**

Consolidation of the Company's securities

On 26 November 2025, the Company completed a 25:1 consolidation of its securities. As a result of the consolidation, the number of ordinary shares on issue decreased from 8,669,576,500 to 346,783,060.

The consolidation did not change the total carrying amount of issued capital.

13. RESERVES

Recognition and measurement

Fair value reserve

The fair-value reserve records movements in financial assets classified as fair value through Other Comprehensive Income in accordance with AASB 9 *Financial Instruments*.

Share-based payment reserve

The share-based payment reserve is used to record the fair value of equity benefits provided to employees and Directors as part of remuneration. When the securities are exercised, the amount in the share-based payment reserve is transferred to issued capital.

13. RESERVES (continued)

Share options reserve

The share options reserve is used to record the fair value of equity classified options issued in connection with financing arrangements and as consideration for services received. When options are exercised, the related amount in the share options reserve is transferred to issued capital. When options expire unexercised, the related amount is transferred to accumulated losses, with no impact on profit or loss.

	Consolidated	
	2026 $'000	**2025 $'000**
Fair value reserve	**(1,514)**	(1,347)
Share-based payment reserve	**1,201**	1,241
Share options reserve	**2,479**	-
	2,166	**(106)**

Share-based payment reserve

	Consolidated	
	2026 $'000	**2025 $'000**
Balance as at 1 July	**1,241**	**1,506**
Fair value of performance rights converted to ordinary shares	**(172)**	(138)
Expiry of performance rights	**-**	(303)
Share-based payment expense – Directors	**60**	28
Share-based payment expense – Executive KMP and other employees	**72**	148
Balance as at 30 June	**1,201**	**1,241**

Further information regarding the Group's share-based payments is contained in Note 14.

Share options reserve

RCF Loan Facility

The share options issued in connection with the RCF Loan Facility represent the equity component of a compound financial instrument.

In accordance with AASB 132 *Financial Instruments: Presentation*, where equity instruments are issued as part of a financing arrangement, the fair value of those equity instruments at the date of issue is recognised directly in equity and deducted from the initial carrying amount of the related financial liability. The equity component is not remeasured subsequent to initial recognition.

The corresponding financial liability is subsequently measured at amortised cost using the effective interest rate method in accordance with AASB 9 *Financial Instruments.*

On 23 October 2025, the Company issued 431,732,904 unlisted share options to RCF PE I for nil consideration under the terms of the secured US$10 million RCF Loan Facility. The options were issued with an exercise price of $0.0139 per share and a term of five years from the date of issue.

On 26 November 2025, the Company completed a 25:1 consolidation of its securities. As a result, the number of options on issue was reduced from 431,732,904 to 17,269,317, and the exercise price was adjusted from $0.0139 to $0.3475 to reflect the consolidation. The consolidation did not affect the aggregate fair value of the options recognised in the share options reserve.

13. RESERVES (continued)

Share options reserve (continued)

Broker options

On 12 March 2026, the Company issued 2,000,000 unlisted options to Sternship Advisers Pty Ltd as part consideration for capital raising services provided in connection with the placement announced on 4 March 2026. The options vested immediately on issue, are exercisable at $0.455 per share, and expire on 12 March 2029.

In accordance with AASB 2 *Share-based Payment*, the options were measured at their grant-date fair value, with the amount recognised as an equity transaction cost against issued capital and a corresponding credit to the share options reserve.

The unlisted options carry no voting rights and do not entitle the holders to dividends.

Set out below is a summary of movements in the number and fair value of options on issue during the year ended 30 June 2026.

	Consolidated	
	Number	**$'000**
Balance as at 1 July	**-**	**-**
Issue of share options to RCF PE I (post-consolidation basis)	**17,269,317**	2,331
Issue of broker options	**2,000,000**	148
Balance as at 30 June	**19,269,317**	**2,479**

Key judgements, estimates and assumptions

RCF Loan Facility

The Directors applied judgement in determining whether the options issued to RCF PE I represented consideration for goods or services and were therefore within the scope of AASB 2 *Share-based Payment*, or instead formed part of the RCF financing arrangement.

Having regard to the terms of the options and their connection with the RCF Loan Facility, the Directors concluded that the options formed part of the financing arrangement and were outside the scope of AASB 2. The Directors also assessed the contractual terms of the options and concluded that they met the criteria for classification as equity under AASB 132 *Financial Instruments: Presentation.*

Accordingly, the amount allocated to the options was recognised in the share options reserve within equity, with a corresponding reduction in the initial carrying amount of the RCF Loan Facility. The options are not remeasured after initial recognition.

Broker options

The Directors determined that the broker options issued in connection with the Company's March 2026 placement represented consideration for capital raising services received and were therefore within the scope of AASB 2.

Valuation parameters of options issued

The fair value of the options issued during the year was determined at the relevant issue dates using the Black-Scholes option pricing model. The valuation incorporated the contractual life of the options and required the Directors to make assumptions regarding the expected volatility of the Company's share price, dividend yield and risk-free interest rate.

The key inputs used to determine the fair value of the options are set out in the table below. As the options issued to RCF PE I were issued prior to the consolidation, they are presented on both a pre- and post-consolidation basis. The two presentations are economically equivalent and result in the same aggregate fair value. The broker options were issued following the consolidation and are therefore presented on a post-consolidation basis only.

13. RESERVES (continued)

Key judgements, estimates and assumptions (continued)

	RCF Loan Facility – RCF PE I		Broker options
	Pre-consolidation	Post-consolidation	
Valuation methodology:	Black-Scholes		Black-Scholes
Grant date:	23 October 2025		12 March 2026
Number of options:	431,732,904	17,269,317	2,000,000
Share price at issue date:	$0.013	$0.325	$0.235
Exercise price:	$0.0139	$0.3475	$0.455
Risk-free rate:	3.758%		4.27%
Volatility:	70%		70%
Expiry date:	23 October 2030		12 March 2029
Fair value per option:	$0.0054	$0.1350	$0.0739
Total fair value	**$2,331,358**		**$147,742**

The aggregate fair value of the options issued was recognised in the share options reserve within equity at the relevant issue dates. If the options are exercised, the corresponding balance in the share options reserve will be transferred to issued capital. If the options expire unexercised, the corresponding balance will be transferred to accumulated losses, with no impact on profit or loss.

14. SHARE-BASED PAYMENTS

Recognition and measurement

Share-based payments

As part of its remuneration framework, the Company may grant performance rights to Directors and employees under its incentive plan. Further information regarding the Company's remuneration framework, incentive plan and vesting conditions is included in the FY2026 Remuneration Report and this note.

Participation in the incentive plan is at the Board's discretion. No individual has a contractual right to participate in the plan or receive a guaranteed award.

The Group may also issue equity instruments to non-employees, including suppliers and consultants, in exchange for goods or services.

Employees and Directors

Unless stated otherwise, awards are equity-settled. The fair value of performance rights and other equity instruments granted to employees and Directors is recognised as an employee benefits expense in the statement of profit or loss and other comprehensive income, with a corresponding increase in equity (share-based payment reserve). The expense is recognised over the vesting period, being the period during which the specified service and/or performance conditions are satisfied.

The total amount to be expensed is measured by reference to the fair value of the performance rights at the grant date, which incorporates any market conditions and non-vesting conditions.

After grant, the initial estimate of fair value is not adjusted for subsequent differences between the number of awards granted and the number that ultimately vest.

Service conditions and non-market conditions are not included in the grant-date fair value. Instead, they are taken into account in estimating the number of rights expected to vest. This estimate is revised at each reporting date and, at the vesting date, adjusted to reflect the number of awards that ultimately vest, with corresponding adjustments recognised in the statement of profit or loss and other comprehensive income and the share-based payment reserve.

14. SHARE-BASED PAYMENTS (continued)

Recognition and measurement (continued)

Non-employees – suppliers and consultants

For equity-settled transactions with non-employees, the Group recognises an expense or an asset (depending on the nature of the goods or services received), with a corresponding increase in equity. Measurement is at the fair value of the goods or services received or, if that cannot be reliably measured, at the fair value of the equity instruments granted and recorded at the date the goods or services are received.

Measurement of fair value

Fair value is measured at the grant date. For performance rights with non-market conditions, fair value is based on the Company's share price at grant date. For awards with market conditions, fair value is independently determined using either a Monte Carlo valuation model or a trinomial barrier option pricing model. Key inputs in the Monte Carlo valuation typically include the share price at the grant date, the term of the award, expected price volatility of the underlying share, the risk-free interest rate, expected dividends (if any) and the assessed probability of the market conditions being realised.

Modifications, cancellations and replacements

If an equity-settled award is cancelled (other than for forfeiture when vesting conditions are not met), the award is treated as if it had vested on the cancellation date and any unrecognised expense is recognised immediately in the statement of profit or loss and other comprehensive income. If a new award is granted as a replacement for a cancelled award and designated as such on the date that it is granted, the arrangement is accounted for as a modification of the original award. In that case, the original grant-date fair value continues to be recognised over the original vesting period, and any incremental fair value arising from the replacement is recognised over the period from the modification date to the new vesting date.

Forfeited equity-settled instruments

Where equity-settled instruments such as performance rights are forfeited (other than through cancellation), no expense is recognised for those instruments. Previously recognised expenses are reversed in the period of forfeiture so that the total expense reflects only the rights that are ultimately expected to vest.

Settlement and share capital

On exercise or conversion of the performance rights, the relevant number of shares are issued to the participant. Any consideration received on exercise, net of directly attributable transaction costs, is credited to share capital.

(a) Reconciliation of movement in performance rights during the year

The following table summarises movements in performance rights during the reporting period and the number outstanding at the beginning and end of the period:

	2026 Number	2025 Number[1]
Outstanding as at 1 July	**5,774,347**	**5,074,000**
Granted	**-**	1,327,680
Forfeited	**(699,360)**	(482,000)
Vested and exercised	**(237,241)**	(145,333)
Outstanding as at 30 June	**4,837,746**	**5,774,347**
Vested and exercisable as at 30 June[2]	**80,000**	**234,694**

1. The 2025 comparative balances and movements have been restated to reflect the 25:1 consolidation of the Company's securities completed on 26 November 2025.

2. These performance rights are included in the number of outstanding performance rights for the Company as at 30 June 2026.

14. SHARE-BASED PAYMENTS (continued)

Consolidation of the Company's securities

On 26 November 2025, the Company completed a consolidation of its securities on a 25:1 basis. As a result of the consolidation, the number of performance rights on issue decreased from 115,777,328 to 4,837,746.

The consolidation did not result in any change in the total value of the Company's performance rights issued.

(b) Summary of granted performance rights as at 30 June 2026

The Company had granted 4,837,746 performance rights as at 30 June 2026, including 80,000 rights that had vested and are exercisable but not exercised.

The table below provides the number of granted performance rights by tranche, the vesting condition for each tranche and the valuation methodology used in determining the fair value of the performance rights.

Tranche	Vesting condition	Number on issue	Valuation methodology
Tranche 12	The Company achieves a share price of at least $2.00 VWAP over 20 consecutive trading days on which the Company's shares have traded	4,000	Trinomial barrier option pricing model
Tranche 13	The Company achieves a share price of at least $2.25 VWAP over 20 consecutive trading days on which the Company's shares have traded	4,000	Trinomial barrier option pricing model
Tranche 15	The Company achieves a share price of at least $2.50 VWAP over 20 consecutive trading days on which the Company's shares have traded	1,050,590	Monte Carlo
Tranche 16	The Company achieves a share price of at least $3.75 VWAP over 20 consecutive trading days on which the Company's shares have traded	1,050,590	Monte Carlo
Tranche 17	The Company achieves a share price of at least $5.00 VWAP over 20 consecutive trading days on which the Company's shares have traded	1,050,590	Monte Carlo
Tranche 18	Final Investment Decision[1]	786,588	Share price on grant date
Tranche 19	Achievement of nameplate capacity for the Australian Vanadium Project	811,388	Share price on grant date
Tranche 20	Continuous employment for 12 months from commencement of employment	-	Share price on grant date
	Vested and exercisable	80,000	n/a
Total		**4,837,746**	

1. In relation to the Australian Vanadium Project.

The weighted average remaining contractual life of the outstanding performance rights is 2.09 years (30 June 2025: 3.2 years).

(c) Performance rights granted during the year

No new performance rights were granted during the year.

14. SHARE-BASED PAYMENTS (continued)

(d) Change in estimate of performance rights expected to vest

At 30 June 2026, the Directors reviewed the likelihood of the applicable non-market vesting conditions being satisfied for all outstanding performance rights issued under Tranches 18, 19 and 20.

As a result of this review, 240,000 Tranche 18 performance rights, on a post-consolidation basis, were no longer expected to vest. The grant-date fair value of the affected performance rights was not remeasured. Instead, the cumulative share-based payment expense previously recognised in respect of these rights was reversed during the year, with the adjustment recognised in share-based payment expense in the consolidated statement of profit or loss and other comprehensive income.

All other performance rights subject to non-market vesting conditions were assessed as having a 100% probability of vesting at 30 June 2026.

(e) Expenses arising from share-based payment transactions

The net expense arising from share-based payment transactions recognised during the year is included in Directors' fees and benefits expense and employee benefits expense in the consolidated statement of profit or loss and other comprehensive income (refer to Note 4(a) for further details).

The following table provides a breakdown of the share-based payment expense recognised during the year:

	Consolidated	
	2026 $	**2025 $**
Performance rights – Non-Executive Directors	**60,173**	27,631
Performance rights – Executive KMP	**38,341**	196,104
Performance rights – Employees	**33,403**	186,553
Share-based payment expense recognised in profit or loss	**131,917**	**410,288**

Key judgements, estimates and assumptions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at grant date. Fair value is determined by an independent external valuer using an appropriate valuation model.

Key judgements, estimates and assumptions include the number of awards expected to vest, having regard to service conditions and non-market performance conditions, together with valuation inputs such as expected volatility, expected term of the awards, risk-free interest rates and expected dividends. The valuation inputs affect the grant-date fair value of the awards, while the number of awards expected to vest affects the amount of expense recognised over the vesting period. The valuation methodology and assumptions are set out in this note.

The Company's historical share price volatility has been used as the basis for expected volatility, as it is considered a reasonable indicator of future movements. The valuation model also assumes no dividends are declared or paid during the term of the performance rights.

The Directors review the number of awards expected to vest at each reporting date, taking into account the applicable service conditions and non-market performance conditions. At 30 June 2026, the Directors reviewed the likelihood of the applicable non-market performance conditions being satisfied for all outstanding performance rights issued under Tranches 18, 19 and 20. As a result of this review, 240,000 Tranche 18 performance rights, on a post-consolidation basis, were no longer expected to vest. The grant-date fair value of the affected performance rights was not remeasured. Instead, the cumulative share-based payment expense previously recognised in respect of these rights was reversed during the year. Refer to part (d) of this note for further information.

15. CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the period.

16. COMMITMENTS

In order to maintain current rights of tenure to exploration and mining tenements, the Group has certain obligations for payment. While these costs are discretionary, the associated exploration and mining leases may be relinquished if the expenditure commitments are not met. These obligations may be varied from time to time, subject to approval, and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the consolidated financial statements.

	Consolidated	
	2026 $'000	**2025 $'000**
Minimum expenditure commitment on the tenements is:		
Payable no later than 1 year	**896**	836
Payable between 1 year and 5 years	**4,482**	4,712
	5,378	**5,548**

The Group has the following commitments in relation to the Australian Vanadium Project.

Payable no later than 1 year	**337**	876
Payable between 1 year and 5 years	**-**	-
	337	**876**

17. RELATED PARTY TRANSACTIONS

Parent entity

Australian Vanadium Limited is the parent entity of the Group.

Subsidiaries

Interests in subsidiaries are set out in Note 19.

Key management personnel compensation

The aggregate compensation made to Directors and Executive KMP of the Group, including amounts recognised as an expense and amounts capitalised to the Australian Vanadium Project, is set out below:

	Consolidated	
	2026 $	**2025 $**
Short-term employee benefits	**2,095,642**	2,249,683
Post-employment benefits	**139,357**	158,264
Share-based payments	**98,514**	223,735
	2,333,513	**2,631,682**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 47 to 61 of this Annual Report.

17. RELATED PARTY TRANSACTIONS (continued)

Transactions with other related parties

Mr James McClements was appointed as a Non-Executive Director of the Company on 1 April 2026 and became a member of the Group's key management personnel from that date. Mr McClements is also a co-founder and Managing Partner of Resource Capital Funds (RCF). Based on Management's assessment of the relationship, entities associated with RCF have been treated as related parties of the Group from the date of Mr McClements' appointment.

In September 2025, the Company entered into a US$10 million secured floating rate loan facility (RCF Loan Facility) with substantial shareholder RCF Private Equity Fund I L.P. (RCF PE I) and Resource Capital Fund (Cardinal) L.P. (RCF Cardinal), a Delaware limited partnership which is managed by RCF Management L.L.C. RCF PE I and RCF Cardinal are collectively referred to as the RCF Lenders. Neither RCF nor the RCF Lenders were related parties of the Group at the time the RCF Loan Facility was entered into.

The RCF Loan Facility was entered into on arm's-length commercial terms before the RCF Lenders became related parties of the Group. Refer to Note 11 for further information on the facility, including its principal terms, security arrangements and accounting treatment.

From 1 April 2026 to 30 June 2026, contractual interest of $479,470 was charged by the RCF Lenders, of which $125,807 was paid in cash and the balance capitalised to the loan. No additional amounts were advanced and no principal repayments were made during this period.

The contractual interest disclosed above differs from the finance costs recognised under the effective interest method, which also include the amortisation of deferred borrowing costs and the unwind of the loan discount (refer to Notes 3 and 11).

Other than the transactions with the RCF Lenders described above, there were no transactions with other related parties during the years ended 30 June 2026 or 30 June 2025.

Loans to/from related parties

	Consolidated	
	2026 $	**2025 $**
Loan payable to the RCF Lenders at 1 April 2026, including capitalised and accrued interest	**15,250,918**	-
Contractual interest charged from 1 April 2026 to 30 June 2026	**479,470**	-
Contractual interest paid in cash from 1 April 2026 to 30 June 2026	**(125,807)**	
Loan payable to the RCF Lenders at 30 June 2026	**15,604,581**	**-**

The movements disclosed above relate only to the period from 1 April 2026, being the date on which the RCF Lenders became related parties of the Group. The closing balance represents the full contractual amount payable to the RCF Lenders at 30 June 2026, including capitalised and accrued interest.

The unamortised loan discount and deferred borrowing costs do not reduce the contractual amount payable to the RCF Lenders but are deducted in determining the carrying amount of the financial liability recognised under AASB 9 *Financial Instruments*. Refer to Note 11 for further information.

17. RELATED PARTY TRANSACTIONS (continued)

Terms and conditions

The RCF Loan Facility was entered into on arm's-length commercial terms before the RCF Lenders became related parties of the Group, and its terms were not amended upon the RCF Lenders becoming related parties. Refer to Note 11 for further information on the terms and security arrangements of the facility.

There are no other related party transactions in the year ended 30 June 2026.

Trade and other receivables from and payables to related parties

There were no outstanding trade or other receivables from, or trade or other payables to, related parties at the current or previous reporting date. Payments and outstanding balances under the RCF Loan Facility are disclosed separately above and in Note 11.

18. PARENT ENTITY FINANCIAL INFORMATION

Recognition and measurement

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries, which have been recorded at cost less any impairments.

18. PARENT ENTITY FINANCIAL INFORMATION (continued)

Recognition and measurement (continued)

	PARENT	
	2026 $'000	2025 $'000
Statement of profit or loss and other comprehensive income		
Loss for the period	**(7,860)**	(8,858)
Other comprehensive (loss) / income	**(167)**	130
Total comprehensive loss	**(8,027)**	**(8,728)**
Statement of financial position		
Assets		
Current assets	**18,479**	12,119
Non-current assets	**56,224**	56,910
Total assets	**74,703**	**69,029**
Liabilities		
Current liabilities	**4,732**	11,143
Non-current liabilities	**14,212**	2,241
Total liabilities	**18,944**	**13,384**
Net assets	**55,759**	**55,645**
Equity		
Issued capital	**239,128**	231,796
Reserves	**2,166**	(106)
Accumulated losses	**(185,535)**	(176,045)
Total equity	**55,759**	**55,645**

Guarantees entered into by the parent entity

The parent entity had not entered into any guarantees in relation to the debts of its subsidiaries at 30 June 2026 or 30 June 2025.

At 30 June 2026, the parent entity also had outstanding cash-backed bank guarantees of $484,252 (2025: $484,252).

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2026 and 30 June 2025.

Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2026 and 30 June 2025.

19. INTERESTS IN SUBSIDIARIES

Recognition and measurement

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

The consolidated financial statements incorporate the assets, liabilities and results of Australian Vanadium Limited (parent entity) and the following subsidiaries:

		Ownership interest (%)	
Entity name	**Principal place of business / country of incorporation**	**2026**	**2025**
AVP Holding Co Pty Ltd[1]	Australia	100%	-
AVP One Pty Ltd[1]	Australia	100%	-
VSUN Energy Ltd	Australia	100%	100%
Technology Metals Australia Pty Ltd	Australia	100%	100%
The KOP Ventures Pty Ltd	Australia	100%	100%
Australian Uranium Pty Ltd	Australia	100%	100%
Cabe Resources Pty Ltd	Australia	100%	100%
vLYTE Pty Ltd	Australia	100%	100%
South African Lithium (Pty) Ltd[2]	South Africa	100%	100%

1. AVP Holding Co Pty Ltd and AVP One Pty Ltd were incorporated on 24 September 2025.

2. South African Lithium (Pty) Ltd was deregistered on 21 July 2026.

Australian Vanadium Limited and its subsidiaries are not parties to any deed of cross guarantee.

20. CASH FLOW INFORMATION

Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2026 $'000	**2025 $'000**
Loss for the year	**(9,494)**	(11,912)
Adjustments for:		
Finance costs	**1,131**	203
Depreciation	**1,077**	1,067
Inventory write-down	**21**	46
(Decrease)/increase in make good provision for leases	**-**	(277)
Share-based payments	**132**	410
Foreign exchange gain[1]	**-**	4
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**8**	(240)
Decrease in inventories	**8**	368
Decrease in trade and other payables	**(1,686)**	(2,968)
Increase/(decrease) in provisions	**95**	(242)
Net cash outflow from operating activities	**(8,708)**	**(13,541)**

1. Unrealised foreign exchange gains or losses arising on retranslation of the USD denominated RCF Loan Facility are recognised in finance costs (refer to Note 3).

21. RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, support the advancement of its projects and maintain an appropriate capital structure having regard to the Group's funding requirements and cost of capital.

The Group's capital comprises issued capital, reserves, accumulated losses and borrowings. To maintain or adjust its capital structure and meet its funding requirements, the Group may issue new shares, raise debt, sell all or part of its interests in its assets, or use a combination of these measures. The Group may also capitalise or cash pay interest and reduce expenditure, where appropriate.

At 30 June 2026, the contractual amount payable under the secured RCF Loan Facility was $15.6 million (2025: nil). Under the facility, the Group is required to maintain a consolidated cash balance of more than $2.0 million, excluding restricted and grant-related amounts. The Group complied with this covenant from drawdown of the facility to 30 June 2026. Further information regarding the RCF Loan Facility, including its maturity, security arrangements and accounting treatment, is provided in Note 11.

The Group monitors its capital position through cash flow forecasting, assessment of forecast funding requirements and monitoring compliance with the terms of its financing arrangements.

The Group's overall capital management strategy did not materially change during the year. However, following entry into and drawdown of the RCF Loan Facility, the Group's capital management processes expanded to include monitoring compliance with the facility terms and financial covenants, managing interest obligations and considering the future refinancing or repayment of the facility. The Group continues to assess its capital requirements having regard to its planned project and development activities. Refer to Note 1 for further information regarding the Group's going concern assessment and requirement to secure additional funding.

21. RISK MANAGEMENT (continued)

Financial risk management

The Group's activities expose it to a variety of financial risks:

- market risk (including foreign currency risk, commodity risk and interest rate risk);
- credit risk; and
- liquidity risk.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance and its ability to meet its obligations as they fall due.

This note presents information about the Group's exposure to these risks and its objectives, policies and processes for measuring and managing them.

The Board sets the Group's risk appetite and oversees its risk management framework, supported by the Audit and Risk Committee. The Board approves policies for managing financial risks where those risks are considered sufficiently material. The CEO, supported by Management, is responsible for implementing appropriate risk management systems, controls and assurance activities within the Board-approved risk appetite. As part of this process, Management monitors the Group's financial risks, compliance with financing arrangements and the effectiveness of mitigating strategies, and reports regularly to the Board.

The Group's principal financial instruments comprise cash and short-term deposits, trade and other receivables, investments, trade and other payables, lease liabilities and borrowings under the RCF Loan Facility. These financial instruments expose the Group principally to foreign-currency, interest-rate, equity-price, credit and liquidity risks.

Market risk

a) Foreign currency risk

Foreign currency risk arises from recognised financial assets and liabilities and forecast transactions denominated in currencies other than the Australian dollar, which is the Group's functional currency.

The Group's principal foreign currency exposure at 30 June 2026 arose from the US dollar denominated RCF Loan Facility. The facility exposes the Group to changes in the Australian dollar value of the outstanding principal and interest payable as the AUD:USD exchange rate changes. At 30 June 2026, the contractual amount payable under the facility was $15.6 million and the carrying amount of the associated financial liability was $12.5 million. Further information is provided in Note 11.

The Group incurs limited expenditure in currencies other than Australian dollars and had no foreign-currency hedging arrangements in place at 30 June 2026.

Foreign currency exposures are monitored through cash flow forecasting and regular assessment of exchange rate movements. The Group recognised a net unrealised foreign exchange gain of $0.8 million during the year ended 30 June 2026 arising principally from retranslation of the RCF Loan Facility.

At 30 June 2026, had the Australian dollar strengthened/weakened by 1 cent against the US dollar, with all other variables held constant, the Group's loss before tax and accumulated losses would have been approximately $0.2 million higher or lower, principally as a result of unrealised foreign-exchange gains or losses on the RCF Loan Facility. There would have been no material effect on other components of equity.

There was no material foreign-currency exposure at 30 June 2025.

21. RISK MANAGEMENT (continued)

b) Commodity price risk

Commodity price risk refers to the potential financial impact of fluctuations in the cost of production inputs (including fuel, reagents, chemicals, energy and vanadium oxides used in electrolyte production) and in the prices of saleable products (such as vanadium oxides, vanadium electrolyte or iron concentrate). These fluctuations can have either an adverse or favourable impact on profitability through changes in production costs and sales revenue.

At present, the Group's exposure to commodity price risk is minimal, as it remains in the pre-development phase, and does not currently produce or sell vanadium oxides, vanadium electrolyte or iron concentrate. However, this exposure is expected to increase as the Australian Vanadium Project advances towards production and electrolyte manufacturing expands.

The Group will continue to monitor and evaluate commodity price movements and, where appropriate, implement measures to mitigate its risk exposure. Given the assessed materiality of the risk, no sensitivity analysis is presented.

c) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the Group's profit or loss or the value of its financial instruments. The Group is exposed to interest rate risk through its cash and short-term deposits and the floating rate RCF Loan Facility.

Interest on the RCF Loan Facility is calculated at three-month Term SOFR plus a margin of 8% per annum and is payable quarterly. The Group may elect to pay the interest in cash or capitalise it in accordance with the terms of the facility. Accordingly, changes in Term SOFR affect the finance costs recognised by the Group and the amount of cash interest paid or interest capitalised. Further information regarding the RCF Loan Facility is provided in Note 11.

The Group manages interest rate risk by monitoring changes in market interest rates, maintaining a spread of short-term deposit maturities and considering the expected timing of its cash requirements. The Group did not use interest rate derivatives or other hedging instruments during the year.

At 30 June 2026, if applicable market interest rates had been 100 basis points higher or lower, with all other variables held constant, the Group's loss before income tax would have been approximately $0.02 million higher or lower, principally as a result of changes in interest earned on variable rate cash balances and interest incurred on the RCF Loan Facility. There would have been a corresponding impact on accumulated losses and no material effect on other components of equity.

21. RISK MANAGEMENT (continued)

The table below summarises the sensitivity of the Group's financial assets and liabilities to movements in interest rates. The analysis assumes all other variables remain constant and has been performed on a consistent basis for both 2026 and 2025.

30 June 2026		Consolidated			
		Interest rate risk			
		+100 bps		-100 bps	
	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents[1]	17,852	175	175	(175)	(175)
Receivables[2]	299	-	-	-	-
Investments	55	-	-	-	-
Financial liabilities					
RCF Loan Facility	12,505	(153)	(153)	153	153
Trade and other payables	1,697	-	-	-	-
Lease liability[3]	2,040	-	-	-	-
Grant liability	2,314	-	-	-	-

30 June 2025		Consolidated			
		Interest rate risk			
		+100 bps		-100 bps	
	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents[1]	11,491	115	115	(115)	(115)
Receivables[2]	243	-	-	-	-
Investments	92	-	-	-	-
Financial liabilities					
Trade and other payables	6,295	-	-	-	-
Lease liability[3]	2,533	-	-	-	-
Grant liability	4,156	-	-	-	-

1. Cash and cash equivalents are denominated in AUD and include floating rate deposits at call and short-term deposits at fixed interest rates.

2. The receivables balance excludes prepayments and tax balances which do not meet the definition of financial assets and liabilities.

3. Lease payments are subject to annual increases based on the higher of CPI or a specified percentage and are not affected by changes in market interest rates. The 2025 comparative interest rate sensitivity has been adjusted to reflect this.

21. RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. The Group's exposure arises principally from cash and short-term deposits held with financial institutions and trade and other receivables.

The carrying amounts of financial assets recognised in the consolidated statement of financial position represent the Group's maximum exposure to credit risk. The Group does not hold collateral, credit derivatives or other credit enhancements to offset its credit exposure.

The Group manages credit risk associated with cash and short-term deposits by placing funds only with banks and financial institutions that satisfy the credit rating and counterparty limits established under the Group's Treasury Investment Policy. Deposits are held at call or in short-term deposits that generally mature within one month and are reinvested at prevailing market interest rates.

The Group manages credit risk associated with receivables by assessing the creditworthiness of counterparties before entering into transactions and monitoring outstanding balances. The Group applies the expected credit-loss requirements of AASB 9 *Financial Instruments*. At each reporting date, the Group assesses whether the credit risk associated with its financial assets has increased significantly since initial recognition and recognises an expected credit-loss allowance where required.

At 30 June 2026, the Group assessed the expected credit losses associated with its financial assets as immaterial due to the credit quality of its financial-institution counterparties, the nature and age of its receivables and the Group's limited sales activity.

The Group does not have a significant concentration of credit risk other than cash and short-term deposits held with a limited number of highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities as they fall due.

The Group manages liquidity risk by preparing and regularly updating cash flow forecasts, monitoring actual cash flows against those forecasts, maintaining appropriate cash reserves and assessing its current and forecast compliance with the terms and covenants of the RCF Loan Facility. The Board maintains oversight of the Group's liquidity position and forecast future funding requirements.

At 30 June 2026, the Group held cash and cash equivalents of $17.9 million, of which $2.3 million related to restricted grant funds and $0.5 million supported cash-backed bank guarantees. The RCF Loan Facility was fully drawn and the Group had no undrawn credit facilities at the reporting date.

The RCF Loan Facility matures on 21 October 2027 and is subject to a minimum consolidated unrestricted cash requirement of more than $2.0 million. Interest is payable quarterly, although the Company may elect to capitalise or pay interest in cash in accordance with the facility terms. Further information regarding the RCF Loan Facility, including its maturity, security arrangements and accounting treatment, is provided in Note 11.

Based on its cash-flow forecasts, the Group expects that additional funding will be required within 12 months of the date of the financial report to continue its normal business and planned project-development activities. The Group's ability to meet its forecast obligations is therefore dependent on securing additional equity or debt funding, reducing expenditure or undertaking a full or partial sale of interests in its assets. These circumstances give rise to a material uncertainty related to going concern. Refer to Note 1 for further information.

22. REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the parent entity, Australian Vanadium Limited, and its network firms:

	Consolidated	
	2026 **$**	**2025** **$**
Audit or review of the financial statements of the Group	**93,500**	87,570

23. LOSS PER SHARE

Recognition and measurement

Basic loss per share

Basic earnings per share is calculated by dividing:

a. the profit/(loss) attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

b. by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted loss per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

c. the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

d. the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

On 26 November 2025, the Company completed a 25:1 consolidation of its securities. In accordance with AASB 133 *Earnings per Share*, the weighted average number of ordinary shares for both the current and comparative periods has been adjusted to reflect the consolidation. Comparative loss per share amounts have been restated accordingly.

23. LOSS PER SHARE (continued)

Weighted average number of ordinary shares used in calculating basic and diluted loss per share:

	2026 Number	2025 Number
Weighted average shares[1]	**354,994,578**	345,260,765

	Consolidated	
	2026 $'000	**2025 $'000**
Loss after income tax attributable to the owners of Australian Vanadium Limited	**(9,494)**	(11,912)
	Cents	**Cents**
Basic loss per share	**(2.67)**	(3.45)
Diluted loss per share	**(2.67)**	(3.45)
	Number	**Number**
Weighted average number of ordinary shares[1] used in calculating basic loss per share	**354,994,578**	345,260,765
Weighted average number of ordinary shares[1] used in calculating diluted loss per share	**354,994,578**	345,260,765
The number of potential ordinary shares not considered dilutive are as follows:		
Performance rights	**4,837,746**	5,774,347

1. The weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted loss per share for the current and comparative periods has been adjusted retrospectively to reflect the 25:1 consolidation of the Company's securities completed on 26 November 2025.

Potential ordinary shares

Performance rights granted to employees and share options issued in connection with the RCF Loan Facility and the March 2026 capital raising are potential ordinary shares. Details of the performance rights are set out in Note 14, and details of the share options are set out in Note 13.

Neither the performance rights nor the share options are included in the calculation of basic loss per share, as they are potential ordinary shares rather than ordinary shares outstanding during the period. They are also excluded from diluted loss per share because their inclusion would be anti-dilutive. Accordingly, basic and diluted loss per share are the same for both years.

24. EVENTS SUBSEQUENT TO THE REPORTING DATE

Other than disclosed below, the Directors are not aware of any other matter or circumstance since the end of the year not otherwise dealt with in this report that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods except for the following, the financial effects of which have not been provided for in the consolidated financial statements for the year ended 30 June 2026:

- On 16 September 2026, the Company entered into an agreement with Albright Metals Ltd (Albright) to consolidate ownership and control of certain mineral rights across the Australian Vanadium Project. The transaction completed on 18 September 2026, with Albright's rights and interests under the existing Mineral Rights Sale Agreement reverting to AVL. Consideration comprised $0.5 million in cash, 5,797,774 AVL shares with a value of $1.25 million, and the assignment of AVL's 0.75% net smelter return royalty over the Tumblegum South project owned by White Star Minerals Pty Ltd. The transaction simplifies the Project's mineral rights and tenure framework and provides AVL with additional mineral rights and future development optionality.

Consolidated Entity Disclosure Statement

For the year ended 30 June 2026

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with Section 295 (3A) of the *Corporations Act 2001* (Cth). The CEDS includes the information required by the *Corporations Act 2001* (Cth) for each entity that was part of the Consolidated Entity at the end of the financial year, with the entities included being determined in accordance with AASB 10 *Consolidated Financial Statements.*

Determination of Tax Residency

Section 295(3B)(a) of the *Corporations Act 2001* (Cth) defines Australian resident as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. Section 295(3A)(a)(vii) requires the determination of tax residency in a foreign jurisdiction to be based on the law of the foreign jurisdiction relating to foreign income tax.

In determining tax residency, the Consolidated Entity has applied the following interpretations:

1. Australian tax residency: The Consolidated Entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

2. Foreign tax residency: Where necessary, the Consolidated Entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency in those foreign jurisdictions and ensure compliance with applicable foreign tax legislation.

			Body corporates		Tax residency	
Entity name	**Type of entity**	**Trustee, partner or participant in joint venture**	**% of share capital**	**Place formed / country of incorporation**	**Australian resident**	**Foreign jurisdiction(s) of foreign residents**
Australian Vanadium Limited	Body corporate	-	n/a	Australia	Yes	n/a
AVP Holding Co Pty Ltd[1]	Body corporate	-	100%	Australia	Yes	n/a
AVP One Pty Ltd[1]	Body corporate	-	100%	Australia	Yes	n/a
VSUN Energy Ltd	Body corporate	-	100%	Australia	Yes	n/a
Technology Metals Australia Pty Ltd	Body corporate	-	100%	Australia	Yes	n/a
The KOP Ventures Pty Ltd	Body corporate	-	100%	Australia	Yes	n/a
Australian Uranium Pty Ltd	Body corporate	-	100%	Australia	Yes	n/a
Cabe Resources Pty Ltd	Body corporate	-	100%	Australia	Yes	n/a
vLYTE Pty Ltd	Body corporate	-	100%	Australia	Yes	n/a
South African Lithium (Pty) Ltd[2]	Body corporate	-	100%	South Africa	No	South Africa

1. AVP Holding Co Pty Ltd and AVP One Pty Ltd were incorporated on 24 September 2025.
2. South African Lithium (Pty) Ltd was deregistered on 21 July 2026.

Directors' Declaration

In the Directors' opinion:

a. The consolidated financial statements and notes set out on pages 64 to 102 are in accordance with the *Corporations Act 2001* (Cth), including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date.

b. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

c. The consolidated entity disclosure statement on page 103 is true and correct.

Note 1 confirms that the consolidated financial statements and notes thereto also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001* (Cth).

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to Section 295(5) of the *Corporations Act 2001* (Cth).

On behalf of the Directors.

Cliff Lawrenson
Director and Non-Executive Chair

Perth | 25 September 2026

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INDEPENDENT AUDITOR'S REPORT

To the members of Australian Vanadium Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Vanadium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, 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:

i) Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and

ii) 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
At 30 June 2026, we note that the carrying value of the Exploration and Evaluation Asset is significant to the financial statements, as disclosed in Note 8 of the Financial Report. As a result, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources* ("AASB 6"). In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Assessing whether eligible grant expenditure has been appropriately offset against the related exploration and evaluation expenditure in accordance with the Group's accounting policy; • Considering whether any facts of circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 8 of the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 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

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

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of 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 has 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 47 to 61 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Australian Vanadium Limited, for the year ended 30 June 2026, 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.

BDO Audit Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 25 September 2026

Additional Information

Additional information required by the ASX Listing Rules not disclosed elsewhere in this Annual Report is set out below. The information is current as at 17 September 2026.

1. DISTRIBUTION OF EQUITY SECURITIES

The following tables show the distribution of holders of AVL ordinary shares, performance rights and unlisted share options by holding size, together with the proportion of each security class held in each category.

	Ordinary shares		
Holding Ranges	**No. of holders**	**No. of shares**	**% of shares on issue**
1 – 1,000	3,760	2,027,181	0.54%
1,001 – 5,000	5,943	15,282,024	4.07%
5,001 – 10,000	1,982	14,775,444	3.93%
10,001 – 100,000	2,990	91,381,232	24.31%
100,001+	345	252,446,243	67.16%
Total	**15,020**	**375,912,124**	**100.00%**

Unmarketable Parcels of ordinary shares

As at 17 September 2026, there were 6,746 holders of less than marketable parcels of ordinary shares.

	Performance Rights		
Holding Ranges	**No. of holders**	**No. of performance rights**	**% of performance rights on issue**
1 – 1,000	-	0	0.00%
1,001 – 5,000	-	0	0.00%
5,001 – 10,000	1	8,000	0.07%
10,001 – 100,000	12	881,935	7.99%
100,001+	25	10,142,811	91.93%
Total	**38**	**11,032,746**	**100.00%**

1. DISTRIBUTION OF EQUITY SECURITIES (continued)

	Unlisted Options (ex $0.3475, exp 23/10/2030)		
Holding Ranges	**No. of holders**	**No. of options**	**% of options on issue**
1 – 1,000	-	0	0.00%
1,001 – 5,000	-	0	0.00%
5,001 – 10,000	-	0	0.00%
10,001 – 100,000	-	0	0.00%
100,001+	1	17,269,317	100.00%
Total	**1**	**17,269,317[1]**	**100.00%**

1. RCF Private Equity Fund I L P owns 100% of these options.

	Unlisted Options (ex $0.455, exp 12/03/2029)		
Holding Ranges	**No. of holders**	**No. of options**	**% of options on issue**
1 – 1,000	-	0	0.00%
1,001 – 5,000	-	0	0.00%
5,001 – 10,000	-	0	0.00%
10,001 – 100,000	1	90,000	4.50%
100,001+	2	1,910,000	95.50%
Total	**3**	**2,000,000[2]**	**100.00%**

2. Sternship Advisers Pty Ltd owns 80% of these options.

2. RESTRICTED SECURITIES

There are no restricted securities or securities subject to voluntary escrow as at 17 September 2026.

3. SUBSTANTIAL SHAREHOLDERS

The name of the substantial shareholder who has notified the Company in accordance with Section 671B of the *Corporations Act 2001* (Cth) is:

Name	No. of shares[2]	% of shares on issue[2]
Resource Capital Fund VII L.P.[1]	920,048,826	18.52

1. As disclosed in the most recent substantial holder notice lodged with the ASX on 2 October 2023. Resource Capital Fund VII L.P. has since changed its name to RCF Private Equity Fund I L.P.

2. These figures are as stated in the substantial holding notice lodged before the 25:1 consolidation of the Company's securities completed in November 2025. The number of shares and percentage have not been updated to reflect the Company's shares on issue at 30 June 2026.

4. ON MARKET SHARE BUY-BACK

There is no current on-market buy-back.

5. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

- Fully paid ordinary shares: Carry one vote per share without restriction.
- Options: No voting rights.
- Performance rights: No voting rights.

6. TOP 20 SHAREHOLDERS AS AT 17 SEPTEMBER 2026 - FULLY PAID ORDINARY SHARES

	Name	No. of shares	% of shares on issue
1	Citicorp Nominees Pty Limited	76,377,009	20.32
2	BNP Paribas Noms Pty Ltd	16,065,641	4.27
3	BNP Paribas Nominees Pty Ltd <Clearstream>	11,685,850	3.11
4	Mr Leendert Hoeksema	10,000,000	2.66
5	Dr Adel Wagdi Awiss Morsi	7,535,000	2.00
6	Jeffress Nominees Pty Ltd	7,190,000	1.91
7	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	6,410,856	1.71
8	HSBC Custody Nominees (Australia) Limited	4,131,504	1.10
9	Mr Donald Tylden Love	2,676,863	0.71
10	Mr Lewis Jack Barry	2,550,000	0.68
11	Dr James Leong	2,478,141	0.66
12	Mr Kenneth Joseph Hall <Hall Park A/C>	2,331,600	0.62
13	Mr Paul Venda Divin	1,993,500	0.53
14	Treasurey Services Group Pty Ltd <Nero Resource Fund A/C>	1,923,077	0.51
15	Khazanah Pty Ltd	1,716,245	0.46
16	Mr Philip Mark Ward	1,587,489	0.42
17	Mr Jacob Edwards & Mrs Cathy Edwards	1,530,000	0.41
18	Sandhurst Trustees Ltd <PPF Diversified Growth A/C>	1,500,000	0.40
19	Uruz Pty Ltd <Jeffress Super Fund A/C>	1,422,000	0.38
20	J & R Superannuation Pty Ltd <J & R Super A/C>	1,361,000	0.36
	Total top 20 shareholders	**162,465,775**	**43.22**

Total	**375,912,124**	**100.00**

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