

CONDENSED INTERIM FINANCIAL REPORT

for the half-year ended
31 December 2025

120-TK-002
ELECTROLYTE
COOLING TANK

TK-003
ELECTROLYTE
COOLING TANK

Australian
VANADIUM
LIMITED



ACN 116 221 740
and its controlled entities



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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.



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

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

Mr Louis Mostert

Registered Office and Principal Place of Business

Level 2, 50 Kings Park Road
West Perth WA 6005
Telephone: +61 8 9321 5594
Website: www.avl.au
Email: info@avl.au

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

Directors' Report

Australian
VANADIUM
LIMITED



Directors' Report



The Board of Directors (the Board or the Directors) of Australian Vanadium Limited (AVL or the Company) and its controlled entities (the Consolidated Entity or the Group) are pleased to present their Directors' Report together with the condensed consolidated financial statements of the Group for the half-year ended 31 December 2025.



Directors

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

Mr Cliff Lawrenson	Non-Executive Chair
Ms Jo Gaines	Non-Executive Director
Mr Daniel Harris	Non-Executive Director
Ms Miriam Stanborough AM	Non-Executive Director
Mr Peter Watson	Non-Executive Director

Principal Activities

The principal and continuing activities of the Group during the half-year consisted of:

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

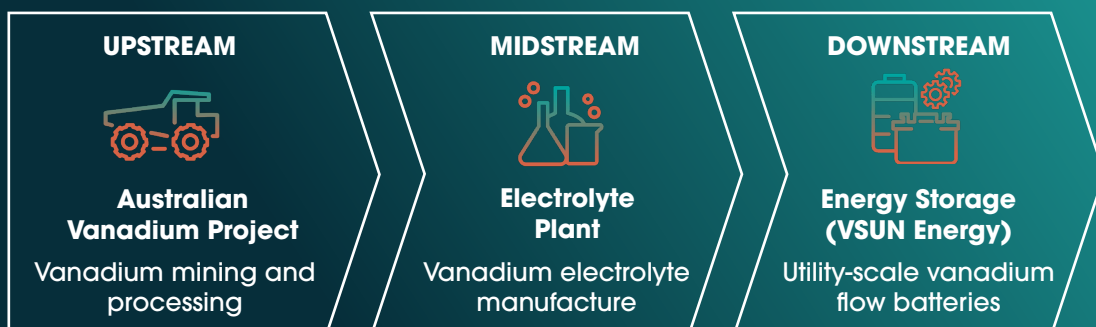
Our Strategy — Building Australia's sovereign vanadium supply chain

Australian Vanadium Limited is a vertically integrated vanadium company advancing the Australian Vanadium Project, operating a Perth electrolyte manufacturing facility, and deploying utility-scale vanadium flow battery (VFB) battery energy storage systems (BESS) via VSUN Energy to meet Australia's long-duration energy storage needs.

Through its vertically integrated 'pit-to-battery' strategy, AVL is uniquely positioned to unlock Australia's vanadium advantage and deliver competitive, sustainable outcomes across the entire supply chain from resource extraction to energy storage markets.

The Company is seeking to develop a resilient, sovereign vanadium supply chain for Australia, capable of supplying vanadium oxides for traditional steel and VFB markets and, as critical minerals policy initiatives in allied jurisdictions evolve, secure traceable and specification-compliant high-purity vanadium oxides for aerospace, defence and advanced manufacturing applications.

AVL's Vertically Integrated Strategy



» Operating and Financial Review

Review of Operations

During the half-year ended 31 December 2025, AVL made substantial progress in executing its strategy to advance the Australian Vanadium Project towards development, deliver commercial vanadium electrolyte from its manufacturing facility, and expand its downstream (VFB BESS) activities. The Company's vertically integrated, multi-pronged approach positions AVL to capture value across the vanadium supply chain, creating differentiated and sustainable value opportunities for shareholders.



Upstream – Australian Vanadium Project

AVL's 100% owned Australian Vanadium Project (the Project) is a high-grade vanadium development of significant national importance located in Western Australia. The Project comprises a proposed open-cut mine and a crushing, milling and beneficiation plant at Gabanintha, near Meekatharra, and a processing facility at Tenindewa, near Geraldton.

Optimised Feasibility Study

The Company delivered material progress on Phase 2 of the Optimised Feasibility Study (OFS). Important elements of the work program advanced across key engineering and estimation disciplines, covering the concentrator, processing plant, tailings storage facility, mining and logistics infrastructure. Validation process test work continued both domestically and internationally. Preliminary capital and operating estimates were completed for both the concentrator and processing plant, with value engineering initiatives continuing to refine and optimise costs. Financial modelling and preparation of the final study report are well advanced, with work toward an updated Mineral Resource Estimate also well progressed.

Following the end of the period, AVL updated the scope of the OFS to assess commercial-scale capability for certified high-purity

vanadium oxide products for aerospace, defence and advanced manufacturing applications, reflecting evolving procurement and critical minerals policy settings in allied jurisdictions. The Company expects this targeted enhancement to increase market optionality while maintaining alignment with the Project's base case configuration for steel and vanadium flow battery markets.

As a result of the additional high-purity integration workstreams, completion of the rescope OFS is now targeted for the second half of calendar year 2026. This revised timing is not anticipated to materially impact the Project's critical path to financing and construction, which is expected to remain primarily driven by the timing of key regulatory approvals.



Operating and Financial Review

Upstream - Australian Vanadium Project (continued)

Approvals and environmental programs

AVL continued to progress primary approvals for the Project in parallel with the OFS. A significant regulatory milestone was achieved with the Western Australian Planning Commission granting development approval for the proposed Tenindewa processing facility, supporting ongoing detailed project planning and progression of secondary approvals.

During the period, AVL received approvals for modifications under sections 45C and 43A of the *Environmental Protection Act 1986 (WA)* in relation to the Australian Vanadium Project, reflecting the integrated project configuration following AVL's merger with Technology Metals Australia Limited, which held the neighbouring Gabanintha Vanadium Project.

The section 45C approval relates to minor modifications to the proposal as implemented under the existing Ministerial Statement for the Gabanintha Vanadium Project. The section 43A approval relates to minor modifications to the Environmental Review Document (ERD) for the Australian Vanadium Project to enable project integration.

Following receipt of these approvals and after the end of the period, AVL submitted a revised ERD for the integrated Project, representing a key milestone towards securing the remaining environmental approvals.

Baseline environmental monitoring programs continued across both Gabanintha and Tenindewa, including air quality, noise, and water sampling, supporting ongoing regulatory compliance and project development.

Land tenure

AVL maintained strategic flexibility for development by extending the land purchase option for the proposed Tenindewa processing plant site, preserving optionality as the Company advances toward construction readiness.





Midstream – Vanadium Electrolyte Manufacture

In January 2024, AVL commissioned its vanadium electrolyte manufacturing facility in Perth, Western Australia. The facility has the capacity to produce up to 33MWh per annum (equivalent) of vanadium electrolyte for VFBs.

Electrolyte qualification

Commercial and technical engagement with leading global VFB original equipment manufacturers (OEMs) continued during the period. Analytical results continued to confirm the facility's demonstrated capability to produce electrolyte within the required specifications. AVL progressed technical collaboration with multiple OEM partners, including battery cycling and performance testing. Preparations also advanced for long-duration testing using larger electrolyte volumes produced by the Company.

Electrolyte manufacturing expansion options

AVL continued to assess expansion options for electrolyte manufacturing capacity at its Perth facility to align with anticipated demand. Capital and operating cost estimates were further refined, increasing confidence in the scalability and development readiness of larger-scale competitive production. This work supports AVL's ability to respond efficiently to expected demand from VSUN Energy, the Company's wholly owned VFB-focused subsidiary, including in relation to the Western Australian Government's (WA Government) proposed Kalgoorlie Vanadium Battery Energy Storage System (VBESS) project and other utility-scale VFB energy storage opportunities.

Stakeholder engagement and industry leadership

During the period, AVL maintained active engagement with government, industry and international stakeholders through hosted visits and delegations at its Perth vanadium electrolyte manufacturing facility.

The Company hosted visitors from the Western Australian Government's Department of Energy and Economic Diversification and delegates from the AusIMM Critical Minerals Conference 2025, providing stakeholders with visibility of AVL's electrolyte production process and quality control systems. AVL also hosted an international delegation of journalists under the Australian Government Department of Foreign Affairs and Trade International Media Visit 2025 program, as well as senior representatives from the Western Australian Department of Mines, Petroleum and Exploration. These engagements provided an opportunity to demonstrate AVL's electrolyte manufacturing capability, strengthen relationships with key government and industry stakeholders and increase domestic and international awareness of VFB technology and vanadium electrolyte production.

AVL also advanced its position as an industry leader by directly participating in the development of standards for VFB technology. Chief Operating Officer Todd Richardson and Product Development Manager Dr Yifeng Li were nominated to Standards Australia's EL-008 Committee, supporting Australia's representation on the International Electrotechnical Commission working group responsible for developing international standards for vanadium flow batteries. Through these appointments, AVL will contribute its deep technical expertise to the development of international standards governing VFB design, safety and performance. Participation at this level reinforces AVL's leadership within the sector and ensures that Australian capability and innovation are reflected in the evolving international regulatory and technical framework for long-duration energy storage systems.



Downstream – Energy Storage (VSUN Energy)

VSUN Energy Pty Ltd (VSUN Energy), AVL's 100% owned VFB-focused subsidiary, has established capabilities and relationships with battery and equipment partners to deliver integrated VFB energy storage solutions. The expansion of Australian and global VFB markets continues to present opportunities for increased consumption of high-purity vanadium products in vanadium electrolyte, supporting AVL's vertically integrated 'pit to battery' vanadium strategy.

During the period, the Group progressed its downstream VFB energy storage solutions strategy through VSUN Energy in response to Australia's growing need for long-duration energy storage. Successful deployment of utility-scale VFB systems in the Australian market is expected to provide the Company with a potential offtake pathway for vanadium oxides from the Australian Vanadium Project and vanadium electrolyte from its Perth manufacturing facility.



Project Lumina - a scalable, competitive utility-scale VFB BESS for Australian conditions

VSUN Energy, in collaboration with its early contractor involvement partner Sedgman Pty Ltd (a CIMIC Group company), continued to advance Project Lumina, a cost-effective, scalable, turnkey utility-scale BESS based on VFB technology tailored for Australian energy markets and hot climate conditions.

During the period, the Project Lumina team undertook several design iterations focused on improving cost competitiveness, efficiency and scalability, including:

- Assessing capital costs for incremental two-hour increases in storage duration, demonstrating the relatively low capital intensity of extending duration once an initial site is established;
- Evaluating alternative powerblock configurations to enhance cost outcomes and improve deployment flexibility, including for sites with constrained land availability such as data centres;
- Evaluation of options to further reduce capital costs for electrolyte tank infrastructure; and
- Identifying additional local content opportunities, including ongoing engagement with Australian suppliers.

The potential deployment of VFB projects utilising Project Lumina technology is intended to support VSUN Energy's positioning as a globally competitive supplier of downstream renewable energy infrastructure. Under AVL's integrated Australian business model, such projects are expected to use vanadium electrolyte produced at its electrolyte manufacturing facility from vanadium oxides sourced from its upstream Australian Vanadium Project.

VFB technology demonstration and collaboration initiatives

The Group continued its collaboration with Horizon Power, gaining operational insights from the VFB BESS supplied by VSUN Energy for Horizon Power's long-duration energy storage pilot project in Kununurra, which is now operational. The project is providing valuable data on system performance, efficiency and reliability in regional conditions. Horizon Power and VSUN Energy are jointly analysing performance trends across seasonal variations, with findings expected to strengthen AVL's technical understanding of VFB performance in hot-climate applications and further demonstrate the competitive advantage of VFB technology in these environments.

AVL and Curtin University also advanced their collaboration on VFB technology and domestic supply chain development. This partnership aims to promote awareness of the role VFBs can play in supporting Australia's energy transition, electrification and decarbonisation objectives, particularly in the mining and industrial sectors.



Operating and Financial Review

Downstream – VSUN Energy (continued)

Expression of Interest – Kalgoorlie Vanadium Battery Energy Storage System

During the period, AVL continued detailed preparatory activities for potential participation in the WA Government’s proposed Kalgoorlie VBESS project. This landmark Western Australian project contemplates a 50 MW/10-hour (500 MWh) VFB BESS to be delivered under a build-own-operate model, backed by a \$150 million WA Government funding commitment. The project forms part of the WA Government’s broader strategy to enhance energy security in the Goldfields region, catalyse a domestic vanadium supply chain and support skilled job creation to foster a more resilient and diverse regional economy.

In December 2025, the WA Government, through the Department of Energy and Economic Diversification, commenced a two-stage Expression of Interest (EOI) process to refine the scope and delivery of the Kalgoorlie VBESS project.

Following the end of the period, AVL submitted an EOI as part of Stage One of the Kalgoorlie VBESS tender process. AVL’s EOI submission is underpinned by the Company’s vertically integrated vanadium capability in Western Australia, spanning upstream resource development, midstream electrolyte manufacturing and downstream deployment of VFB systems. Key elements of the submission included:

- Local content and regional job creation: a VFB solution engineered to maximise Western Australian participation across the full value chain;
- Local electrolyte production: value creation through the production of vanadium electrolyte in Western Australia from vanadium oxides;
- Large Western Australian vanadium resource base: the advanced development status of the Australian Vanadium Project, a globally significant vanadium deposit in a tier-one mining jurisdiction, provides an opportunity to unlock the State’s vanadium mining and processing industry; and

- Strong industry support: AVL’s long-term engagement with industry leaders has built strong relationships, and the EOI submission has been prepared with input from these leaders across technology, delivery and financial aspects of the project.

The WA Government has stated that Stage Two of the EOI process will commence in March 2026 and will seek detailed business cases from proponents, which will be evaluated against the assessment criteria informed by responses to Stage One, with the aim of selecting a preferred proponent in mid-2026 to deliver the project.

Agreement with Sumitomo Electric

After the end of the period, VSUN Energy entered into a pre-bid agreement with Sumitomo Electric Industries, Ltd. (Sumitomo Electric) regarding the Kalgoorlie VBESS project. Under the agreement, Sumitomo Electric will provide VFB technology, engineering and support services for the Kalgoorlie VBESS bid process, with VSUN Energy acting as lead proponent.

The agreement brings together complementary capabilities and supports AVL’s strategy to develop a domestic VFB supply chain in Western Australia spanning upstream resources, midstream electrolyte production and downstream battery deployment:

- VSUN Energy / AVL: project development and operation of VFB BESS, supported by AVL’s vertically integrated Western Australian vanadium supply chain capability.
- Sumitomo Electric: globally deployed, utility-scale VFB technology with a demonstrated track record in long-duration energy storage applications.

The collaboration provides a structured framework for joint technical, commercial and delivery planning at the bid stage, including refinement of system configuration and design, cost and schedule, delivery methodology and risk management. This framework is intended to support technical validation, independent expert review processes and financing workstreams required through the bid process and any subsequent financing activities.



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.

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.

HY2026 SUSTAINABILITY HIGHLIGHTS

SUPPORTING THE ENERGY TRANSITION: AVL is leading the advancement of 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



Corporate

Grant funding

AVL continues to receive funding under the Federal Government’s Modern Manufacturing Initiative – Manufacturing Collaboration Stream grant (MMI-C Grant). A third payment of \$4.9 million was received in October 2025, bringing total receipts under the \$49 million MMI-C Grant to \$29.4 million.

The non-dilutive funding contributes to unlocking value in the Project during the OFS, allowing for enhanced project definition, detailed engineering of key infrastructure, progression of project approvals and other activities to minimise project execution risk.

US\$10 million secured loan facility

AVL entered into a secured US\$10 million loan facility (RCF Loan Facility) with substantial 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 provides prudent medium-term funding, giving AVL the time and flexibility to progress key workstreams for the Australian Vanadium Project towards construction readiness and to advance its downstream initiatives.

Share consolidation

On 26 November 2025, the Company completed a consolidation of its issued share capital on a 25:1 basis.

The table below sets out the Company’s capital structure immediately before and after completion of the share consolidation.

Equity instrument	Pre-consolidation	Post-consolidation
Fully paid ordinary shares	8,669,576,500	346,783,060
Unlisted options	431,732,904	17,269,317
Performance rights	120,943,332	4,837,746

The consolidation did not result in any change in the total value of the Company’s issued capital.

The Company undertook the share consolidation as the Directors believed it would:

- result in a more appropriate and effective capital structure;
- establish a share price more reflective of the Company’s position as a leading vanadium developer with a world-class asset, the Australian Vanadium Project;
- make the Company’s shares more attractive to a broader range of investors; and
- improve overall trading quality in the Company’s shares.

Issue of unlisted share options

As part of the RCF Loan Facility, the Company issued 431,732,904 unlisted share options to RCF PE I on drawdown of the principal for nil consideration. On issue, the options had an exercise price of \$0.0139 per share and an expiry date five years from the date of issue. As a result of the consolidation, the number of options on issue was reduced from 431,732,904 to 17,269,316, and the exercise price was adjusted from \$0.0139 to \$0.3475 to reflect the 25:1 consolidation.

Annual General Meeting

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



Operating and Financial Review

Dividends

No dividends were paid or declared for the half-year ended 31 December 2025 and the Directors have not recommended the payment of a dividend.

Financial Results and Position

The condensed consolidated financial statements 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 half-year ended 31 December 2025, the Group recorded an after-tax loss of \$3.7 million (31 December 2024: \$6.1 million).

For the half-year ended 31 December 2025, the Group recorded net cash outflows from operating activities of \$5.0 million and investing activities of \$2.0 million, and net cash inflows from financing activities of \$13.7 million (31 December 2024: net cash outflows from operating activities of \$7.9 million and investing activities of \$5.2 million, and net cash outflows from financing activities of \$0.2 million).

As at 31 December 2025, the Group had cash and cash equivalents of \$18.1 million

(30 June 2025: \$11.5 million). The Group had net working capital (excluding grant liability) of \$17.1 million as at 31 December 2025 (30 June 2025: \$5.4 million) and outstanding exploration commitments of \$0.9 million due within 12 months.

The Directors have considered the Group's current cash position and forecast cash flows for a period of at least 12 months from the date of this report. Based on this assessment, the Directors have concluded that there are reasonable grounds to believe that the Group will be able to continue its operations and meet its obligations as and when they fall due, subject to any changes to the underlying assumptions on which those forecasts are based. Accordingly, the Directors consider it appropriate to prepare the condensed consolidated financial statements of the Group for the half-year ended 31 December 2025 on a going concern basis.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the half-year.

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 half-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 condensed consolidated financial statements for the half-year ended 31 December 2025:

- On 4 March 2026, the Company announced a placement to new and existing institutional, professional and

sophisticated investors, raising \$7.5 million (before costs) (Placement). RCF Private Equity Fund I L.P., a substantial shareholder, participated in the Placement for \$1.0 million, demonstrating its ongoing support. The Placement completed on 12 March 2026 and resulted in the issue of 28,846,736 new fully-paid ordinary shares in the Company. In addition, on 12 March 2026, the Company issued 2,000,000 unlisted share options to the Lead Manager and Co-Manager to the Placement. The options expire on 12 March 2029 and are exercisable at \$0.455.



Operating and Financial Review

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 15.

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, 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.

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

On behalf of the Directors

Cliff Lawrenson
Non-Executive Chair

Perth
13 March 2026

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

As lead auditor for the review of Australian Vanadium Limited for the half-year ended 31 December 2025, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

13 March 2026

Condensed Interim Financial Statements

Australian
VANADIUM
LIMITED



» Condensed Consolidated Financial Statements

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GENERAL INFORMATION

The condensed consolidated financial statements comprise Australian Vanadium Limited (the Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2025 (the Group).

The condensed consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Australian Vanadium Limited is a public company limited by shares, incorporated and domiciled in Australia. The Company's shares are listed on the Australian Securities Exchange (ASX: AVL).

The registered office and principal place of business of the Company 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 does not form part of the condensed consolidated financial statements.

The condensed consolidated financial statements were authorised for issue in accordance with a resolution of Directors on 13 March 2026. The Directors have the power to amend and reissue the condensed consolidated interim financial statements.



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2025

	Notes	31 December 2025 \$'000	31 December 2024 \$'000
Revenue from contracts with customers		-	11
Cost of sales		-	(13)
Gross loss		-	(2)
Other income		1,206	7
Interest revenue		211	748
Expenses			
Depreciation	6	(539)	(517)
Exploration and evaluation expenditure expensed		-	(17)
Finance costs	3	(335)	(123)
Directors' fees and benefits expense		(159)	(317)
Employee benefits expense	4	(2,054)	(3,365)
General and administrative expenses		(2,078)	(2,497)
Loss before income tax expense		(3,748)	(6,083)
Income tax expense		-	-
Net loss after income tax expense for the period		(3,748)	(6,083)
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)		(148)	(19)
Total comprehensive loss for the period attributable to owners of Australian Vanadium Limited		(3,896)	(6,102)
Basic and diluted loss per share	11	Cents (1.16)	Cents (1.76)
Weighted average shares	11	Number 323,091,241	Number 345,141,173

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



Condensed Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	31 December 2025 \$'000	30 June 2025 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	18,111	11,491
Trade and other receivables		600	762
Inventories		391	381
Total current assets		19,102	12,634
Non-current assets			
Property, plant and equipment	6	6,020	6,533
Exploration and evaluation asset	7	123,441	124,108
Financial assets		74	222
Total non-current assets		129,535	130,863
TOTAL ASSETS		148,637	143,497
LIABILITIES			
Current liabilities			
Trade and other payables		1,038	6,295
Provisions		391	409
Grant liability	8	4,391	4,156
Lease liabilities		545	508
Total current liabilities		6,365	11,368
Non-current liabilities			
Borrowings	9	11,535	-
Provisions		237	226
Lease liabilities		1,744	2,025
Total non-current liabilities		13,516	2,251
TOTAL LIABILITIES		19,881	13,619
NET ASSETS		128,756	129,878
EQUITY			
Issued capital	10	232,249	231,796
Reserves	12	2,067	(106)
Accumulated losses		(105,560)	(101,812)
TOTAL EQUITY		128,756	129,878

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



Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2025

	Issued capital \$'000	Accumulated losses \$'000	Share options reserve \$'000	Fair value reserve \$'000	Share-based payment reserve \$'000	Total \$'000
Balance at 1 July 2024	231,051	(90,134)	-	(1,477)	1,506	140,946
Total loss for the period	-	(6,083)	-	-	-	(6,083)
Movement in fair value of investments recognised in equity	-	-	-	(19)	-	(19)
Total comprehensive loss for the period	-	(6,083)	-	(19)	-	(6,102)
Issued as consideration for services	131	-	-	-	-	131
Issued on conversion of performance rights	138	-	-	-	(138)	-
Recognition of share-based payments	-	234	-	-	78	312
FY24 performance bonus – shares issued	180	-	-	-	-	180
Cancellation of ordinary partly paid shares	(7)	-	-	-	-	(7)
Expiry of securities	303	-	-	-	(303)	-
Balance at 31 December 2024	231,796	(95,983)	-	(1,496)	1,143	135,460
Balance at 1 July 2025	231,796	(101,812)	-	(1,347)	1,241	129,878
Total loss for the period	-	(3,748)	-	-	-	(3,748)
Movement in fair value of investments recognised in equity	-	-	-	(148)	-	(148)
Total comprehensive loss for the period	-	(3,748)	-	(148)	-	(3,896)
Issue of share options (refer to Note 12)	-	-	2,331	-	-	2,331
Issued as consideration for services	280	-	-	-	-	280
Issued on conversion of performance rights	173	-	-	-	(173)	-
Recognition of share-based payments	-	-	-	-	163	163
Balance at 31 December 2025	232,249	(105,560)	2,331	(1,495)	1,231	128,756

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2025

	Notes	31 December 2025 \$'000	31 December 2024 \$'000
Cash flows from operating activities			
Receipts from customers		-	89
Payments to suppliers and employees		(4,944)	(7,947)
Interest paid on leases	3	(97)	(100)
Exploration and evaluation expenditure expensed		-	(17)
Net receipts from other entities		19	48
Net cash outflow from operating activities		(5,022)	(7,927)
Cash flows from investing activities			
Interest received		211	748
Expenditure on mining interests		(6,033)	(8,718)
Receipts from Research and Development Tax Incentives		2,549	3,283
Receipts from government grants	8	4,900	-
Payments for property, plant and equipment		-	(50)
Payments for other non-current assets		(3,654)	(492)
Net cash outflow from investing activities		(2,027)	(5,229)
Cash flows from financing activities			
Proceeds from borrowings	9	13,937	-
Principal element of lease payments		(268)	(184)
Net cash inflow / (outflow) financing activities		13,669	(184)
Net increase / (decrease) in cash and cash equivalents		6,620	(13,340)
Cash and cash equivalents at the beginning of the period		11,491	36,420
Cash and cash equivalents at the end of the period	5	18,111	23,080

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



Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2025

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

This condensed consolidated financial report for the half-year ended 31 December 2025 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This condensed consolidated financial report does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, these financial statements should be read in conjunction with the Company's annual report for the year ended 30 June 2025 and any public announcements made by it during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

The principal accounting policies adopted are consistent with those of the previous financial year and the corresponding half-year, except for policies applied as a result of transactions that occurred during the reporting period which are described in the notes to the condensed consolidated financial statements.

New or amended Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards or Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

The adoption of these new and amended standards has not resulted in any changes to the Group's accounting policies and has had no material impact on the Group's financial performance or financial position.

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

Reclassification of items in the financial statements

Where applicable, minor reclassifications of items in the financial statements of the previous period have been made in accordance with the classification of items in the current half-year financial statements.

Certain comparative headings within the notes to the Condensed Consolidated Statement of Financial Position as at 31 December 2024 were incorrectly labeled as 31 December 2023. The comparative amounts disclosed were correct and reflected balances as at 30 June 2024.

Research and Development Tax Incentive

The Group is entitled to claim refundable tax offsets under the Australian Government's Research and Development Tax Incentive scheme (R&D Tax Incentive) in respect of eligible expenditure.

The R&D Tax Incentive is recognised when there is reasonable assurance that the incentive will be received and that the Group will comply with the conditions attaching to the incentive, in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

Where the R&D Tax Incentive relates to expenditure that has been capitalised as exploration and evaluation assets or to the acquisition or construction of qualifying assets, the benefit is recognised as a reduction in the carrying amount of the related asset when the payment is received.

Where the R&D Tax Incentive relates to expenditure that has been recognised as an expense in the statement of profit or loss and other comprehensive income, the benefit is recognised in the statement of profit or loss and other comprehensive income as other income when the payment is received.



Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Going concern

The condensed consolidated financial statements 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 half-year ended 31 December 2025, the Group recorded an after-tax loss of \$3.7 million (31 December 2024: \$6.1 million).

For the half-year ended 31 December 2025, the Group recorded net cash outflows from operating activities of \$5.0 million and investing activities of \$2.0 million, and net cash inflows from financing activities of \$13.7 million (31 December 2024: net cash outflows from operating activities of \$7.9 million and investing activities of \$5.2 million, and net cash outflows from financing activities of \$0.2 million).




As at 31 December 2025, the Group had cash and cash equivalents of \$18.1 million (30 June 2025: \$11.5 million). The Group had net working capital (excluding grant liability) of \$17.1 million as at 31 December 2025 (30 June 2025: \$5.4 million) and outstanding exploration commitments of \$0.9 million due within 12 months (refer to Note 14).

The Directors have considered the Group's current cash position and forecast cash flows for a period of at least 12 months from the date of this report. Based on this assessment, the Directors have concluded that there are reasonable grounds to believe that the Group will be able to continue its operations and meet its obligations as and when they fall due, subject to any changes to the underlying assumptions on which those forecasts are based. Accordingly, the Directors consider it appropriate to prepare the condensed consolidated financial statements of the Group for the half-year ended 31 December 2025 on a going concern basis.

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 Plant	Manufacture of vanadium electrolyte
	Downstream	Energy Storage	Sale, development and deployment of utility-scale vanadium flow batteries by VSUN Energy



Notes to the Condensed Consolidated Financial Statements

2. SEGMENT INFORMATION (continued)

Recognition and measurement

The accounting policies used by the Group in reporting segments internally are the same as those contained throughout the notes to the financial statements and in the prior period.




Intersegment transactions were made at market rates. Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans and transactions are eliminated on consolidation.

Operating segment information




The following tables present segment information provided to the executive management team for the reportable segments for the half-year ended 31 December 2025.

a) Segment revenue and results

For the six months ended 31 December 2025 (comparative: six months ended 31 December 2024)

	 Upstream Australian Vanadium Project \$'000	 Midstream Electrolyte Plant \$'000	 Downstream Energy Storage \$'000	Corporate \$'000	Consolidated \$'000
31 December 2025					
Sales to external customers	-	-	-	-	-
Other revenue ¹	-	668	538	-	1,206
Interest received	1	-	3	207	211
Total segment revenue	1	668	541	207	1,417
Total segment results	(276)	(274)	(339)	(2,859)	(3,748)
Depreciation	(118)	(171)	(13)	(237)	(539)
Finance costs	(158)	(36)	-	(141)	(335)

1. Other income includes R&D Tax Incentives received in relation to expenditure incurred on Project Lumina that has been recognised as an expense in the condensed consolidated statement of profit or loss and other comprehensive income.

	 Upstream Australian Vanadium Project \$'000	 Midstream Electrolyte Plant \$'000	 Downstream Energy Storage \$'000	Corporate \$'000	Consolidated \$'000
31 December 2024					
Sales to external customers	-	11	-	-	11
Other revenue	-	-	-	-	-
Interest received	-	-	1	747	748
Total segment revenue	-	11	1	747	759
Total segment results	(124)	(382)	(1,079)	(4,498)	(6,083)
Depreciation	(77)	(52)	(13)	(375)	(517)
Finance costs	(29)	(39)	-	(55)	(123)






Notes to the Condensed Consolidated Financial Statements

2. SEGMENT INFORMATION (continued)

b) Segment assets and liabilities

As at 31 December 2025 (comparative: 30 June 2025)

	 Upstream	 Midstream	 Downstream	Corporate	Consolidated
	Australian Vanadium Project	Electrolyte Plant	Energy Storage		
	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2025					
Total segment assets	124,329	4,024	449	19,835	148,637
Total segment liabilities	5,343	1,070	157	13,311	19,881
30 June 2025					
Total segment assets	125,113	4,300	240	13,844	143,497
Total segment liabilities	5,205	1,106	243	7,065	13,619

Certain comparative segment information disclosure presented in Note 2 of the Interim Financial Report for the half-year ended 31 December 2024 incorrectly reflected balances as at 31 December 2023 rather than 30 June 2024. This error related only to segment information disclosure and did not affect the Condensed Consolidated Financial Statements.

3. FINANCE COSTS

	Consolidated	
	31 December 2025	31 December 2024
	\$'000	\$'000
Interest expense – borrowings	354	-
Unrealised foreign exchange gain on USD borrowings	(446)	-
Unwind of loan discount – share options	136	-
Amortisation of deferred borrowing costs	91	-
Interest expense – lease liabilities	97	97
Other interest expense	103	26
	335	123

4. EMPLOYEE BENEFITS EXPENSE

	Consolidated	
	31 December 2025	31 December 2024
	\$'000	\$'000
Salaries and wages	1,531	2,460
Superannuation	174	254
Payroll tax	102	166
Bonus	-	180
Redundancy payments	115	-
Share-based payments	132	305
	2,054	3,365



Notes to the Condensed Consolidated Financial Statements

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2025 \$'000	30 June 2025 \$'000
Cash at bank	777	580
Short-term deposits ¹	17,334	10,911
	18,111	11,491

1. Short-term deposits include \$4.4 million (30 June 2025: \$4.2 million) that may only be applied to eligible activities under the Australian Government's \$49 million Modern Manufacturing Initiative - Manufacturing Collaborations Stream grant (MMI-C Grant) for the Australian Vanadium Project, of which the Company is a beneficiary. They also include \$0.5 million (30 June 2025: \$0.5 million) of restricted cash held for cash-backed bank guarantees. Refer to Notes 7 and 8 for further information on the MMI-C Grant and the Group's grant liability.

6. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Plant & equipment \$'000	Motor vehicles \$'000	Assets under construction \$'000	Right of use assets \$'000	Total \$'000
At 30 June 2025:					
Cost	4,952	242	454	3,397	9,045
Accumulated depreciation	(1,261)	(125)	-	(1,126)	(2,512)
Net book amount	3,691	117	454	2,271	6,533
Half-year ended 31 December 2025:					
Balance as at 1 July 2025	3,691	117	454	2,271	6,533
Additions	-	-	26	-	26
Depreciation expense	(254)	(12)	-	(273)	(539)
Balance as at 31 December 2025	3,437	105	480	1,998	6,020
At 31 December 2025:					
Cost	4,935	242	480	3,397	9,054
Accumulated depreciation	(1,498)	(137)	-	(1,399)	(3,034)
Net book amount	3,437	105	480	1,998	6,020

**7. EXPLORATION AND EVALUATION ASSET**

	Consolidated	
	31 December 2025 \$'000	30 June 2025 \$'000
Balance at the beginning of the period	124,108	126,069
Expenditure capitalised during the period	5,341	16,882
R&D Tax Incentive received	(1,343)	(4,869)
Eligible grant expenditure recognised – MMI-C Grant (refer to Note 8)	(4,665)	(13,974)
Balance at the end of the period	123,441	124,108

The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest, at amounts at least equal to book value. The Directors have assessed the Australian Vanadium Project for indicators of impairment in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*. Having regard to all available information, no indicators of impairment were identified.

8. GRANT LIABILITY

	Consolidated	
	31 December 2025 \$'000	30 June 2025 \$'000
Balance at the beginning of the period	4,156	18,130
Grant funds received	4,900	-
Eligible expenditure recognised	(4,665)	(13,974)
Balance at the end of the period	4,391	4,156

The Company is the beneficiary of the MMI-C Grant in relation to the Australian Vanadium Project, as described above in Note 5. A third payment of \$4.9 million was received in October 2025, bringing total receipts under the \$49 million MMI-C Grant to \$29.4 million.

In the half-year ended 31 December 2025, the Group recognised \$4.7 million in eligible expenditure under the MMI-C Grant. In accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, this amount has been deducted from the carrying amount of the exploration and evaluation asset relating to the Australian Vanadium Project, with a corresponding reduction in the liability recognised under the MMI-C Grant. Refer to Note 7 for further details on the Group's exploration and evaluation assets.



9. 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 (refer to Note 3).

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	
	31 December 2025¹ \$'000	30 June 2025 \$'000
RCF Loan Facility	14,941	-
Loan discount – share options (refer to Note 12)	(2,196)	-
Deferred borrowing costs	(1,564)	-
Accrued interest	354	-
	11,535	-

1. All USD balances were converted at 31 December 2025 at an AUD:USD exchange rate of 0.6693. As the RCF Loan facility is denominated in USD, the carrying amounts presented above reflect the impact of foreign exchange movements recognised during the period, which are included within each line item in 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).

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; formerly 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 in October 2025. An establishment fee of 4% of the principal was deducted from the drawdown proceeds, resulting in net proceeds of A\$13.9 million.



Notes to the Condensed Consolidated Financial Statements

9. BORROWINGS (continued)

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

Principal:	US\$10,000,000
Term:	2 years following the first drawdown (21 October 2025).
Coupon:	3-month term SOFR + 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.

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

On drawdown, the Company issued 431,732,904 unlisted share options to RCF PE I for nil 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 share consolidation. As a result, the number of options on issue was reduced from 431,732,904 to 17,269,316, and the exercise price was adjusted from \$0.0139 to \$0.3475 to reflect the consolidation. Refer to Note 12 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 is close to current market rates.

10. ISSUED CAPITAL

	Consolidated			
	31 December 2025 Number	30 June 2025 Number	31 December 2025 \$'000	30 June 2025 \$'000
Ordinary shares – fully paid	346,783,060	8,634,658,076	236,854	236,402
Share issue costs written off against issued capital	-	-	(4,605)	(4,606)
Total issued capital	346,783,060	8,634,658,076	232,249	231,796



Notes to the Condensed Consolidated Financial Statements

10. ISSUED CAPITAL (continued)

Movement in fully paid ordinary shares

	Number	\$'000
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
Issue of shares as consideration for services	28,310,430	280
Issue of shares on conversion of performance rights	6,531,336	172
Share consolidation	(8,322,716,782)	-
Balance as at 31 December 2025	346,783,060	236,854
Share issue costs written off against issued capital	-	(4,605)
Total issued capital as at 31 December 2025	346,783,060	232,249

Share consolidation

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

All comparative per share amounts and the number of shares on issue have been restated in these financial statements to reflect the share consolidation in accordance with AASB 133 *Earnings per Share*.

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

11. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares on issue during the period.

Diluted loss per share is calculated using the same weighted average number of ordinary shares, as the Company's potential ordinary shares are anti-dilutive for the periods presented.

On 26 November 2025, the Company completed a share consolidation on a 25:1 basis.

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 share consolidation. Comparative loss per share amounts have been restated accordingly.

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

	31 December 2025 Number	31 December 2024 Number
Weighted average shares	323,091,241	345,141,173



Notes to the Condensed Consolidated Financial Statements

12. RESERVES

	Consolidated	
	31 December 2025 \$'000	30 June 2025 \$'000
Fair value reserve	(1,495)	(1,347)
Share-based payment reserve	1,231	1,241
Share options reserve	2,331	-
	2,067	(106)

Fair value reserve

	Consolidated	
	31 December 2025 \$'000	30 June 2025 \$'000
Balance at the beginning of the period	(1,347)	(1,477)
Change in fair value of investments in Albright Metals Ltd ¹	(148)	130
Balance at the end of the period	(1,495)	(1,347)

1. On 3 December 2025, Bryah Resources Ltd registered a change of name to Albright Metals Ltd.

Share-based payment reserve

The share-based payment reserve is used to record the 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.

	Consolidated	
	31 December 2025 \$'000	30 June 2025 \$'000
Balance at the beginning of the period	1,241	1,506
Fair value of performance rights converted to ordinary shares	(172)	(138)
Expiry of securities	-	(303)
Share-based payment expense following issue of performance rights - Directors	30	28
Share-based payment expense following issue of performance rights - Executive Key Management Personnel and employees	132	148
Balance at the end of the period	1,231	1,241

Share options reserve

Recognition and measurement

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*.



Notes to the Condensed Consolidated Financial Statements

12. RESERVES (continued)

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 share consolidation. As a result, the number of options on issue was reduced from 431,732,904 to 17,269,316, and the exercise price was adjusted from \$0.0139 to \$0.3475 to reflect consolidation. The share consolidation did not change the total value of the Company's issued share capital.

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

Set out below is a summary of movements in the number and fair value of options for the period ending 31 December 2025.

	Consolidated	
	Number	\$'000
Balance as at 1 July 2025	-	-
Issue of share options to RCF PE I	17,269,316	2,331
Balance as at 31 December 2025	17,269,316	2,331

Key judgements, estimates and assumptions

Directors exercised judgement in determining that the share options issued to RCF PE I formed part of a financing arrangement rather than a share-based payment transaction under AASB 2 *Share-based Payment* and in determining their fair value at the date of issue.

Accordingly, the options were accounted for as an equity component of a compound financial instrument under AASB 132 and recognised in a share option reserve within equity.

The key inputs used to determine the fair value of the share options at issue date are presented in the table below on a pre- and post-consolidation basis.

	Pre-share consolidation	Post-share consolidation
Valuation methodology:	Black-Scholes	
Grant date:	23 October 2025	
Number of options:	431,732,904	17,269,316
Exercise price:	\$0.0139	\$0.3475
Risk-free rate:	3.758%, being the 5-year Australian Government bond rate	
Volatility:	70%	
Expiry date:	23 October 2030	
Fair value per option:	\$0.0054	\$0.1350
Total fair value	\$2,331,358	

The total fair value of \$2.3 million was recognised in the share options reserve within equity in the statement of financial position at the issue date and will remain in equity until the options are exercised or lapse.



Notes to the Condensed Consolidated Financial Statements

13. CONTINGENT LIABILITIES

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

14. COMMITMENTS

In order to maintain current rights of tenure to exploration and mining tenements, the Group has certain obligations for payment. Whilst 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 accounts.

	Consolidated	
	31 December 2025 \$'000	30 June 2025 \$'000
Minimum expenditure commitment on the tenements is:		
Payable no later than 1 year	896	836
Payable between 1 year and 5 years	4,682	4,712
	5,578	5,548

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

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

15. RELATED PARTY TRANSACTIONS

Transactions with Non-Executive Director

During the prior financial year, the Company entered into a casual employment arrangement with Mr Peter Watson, a Non-Executive Director of the Company, under which he provides technical and project development support services. The arrangement is on normal commercial terms and conditions and provides for remuneration of \$100,000 per annum (inclusive of superannuation), payable in equal monthly instalments. The arrangement is not for a fixed term.

This casual employment agreement was suspended for the half-year ended 31 December 2025. Accordingly, no amounts were recognised as an expense in the statement of profit or loss and other comprehensive income in respect of this agreement during the period (31 December 2024: \$50,000). The agreement recommenced on 1 January 2026.

Other than the above, there were no other related party transactions during the half-year ended 31 December 2025.



16. 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 half-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 condensed consolidated financial statements for the half-year ended 31 December 2025:

- On 4 March 2026, the Company announced a placement to new and existing institutional, professional and sophisticated investors, raising \$7.5 million (before costs) (Placement). RCF Private Equity Fund I L.P., a substantial shareholder, participated in the Placement for \$1.0 million, demonstrating its ongoing support. The Placement completed on 12 March 2026 and resulted in the issue of 28,846,736 new fully-paid ordinary shares in the Company. In addition, on 12 March 2026, the Company issued 2,000,000 unlisted share options to the Lead Manager and Co-Manager to the Placement. The options expire on 12 March 2029 and are exercisable at \$0.455.

» Directors' Declaration

In the Directors' opinion:

- a. The condensed consolidated financial statements and notes set out on pages 18 to 34 are in accordance with the *Corporations Act 2001*, 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 31 December 2025 and of its performance for the half-year ended on that date; and
- 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.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors.



Cliff Lawrenson
Non-Executive Chair

Perth
13 March 2026

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australian Vanadium Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian Vanadium Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2025, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', written over the BDO logo.

Glyn O'Brien

Director

Perth, 13 March 2026



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