ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER

2021

ADVANCED
ENERGY MINERALS

Chairperson's Letter

It is with pleasure that I present to you the FY21 annual report for our company. I have been involved for a little over half a year now and I am very pleased to have made the decision to become involved in AEM and invest in its future. It is a company with two quality projects, much potential and capable and committed people, at all levels of the organisation.

After a challenging year in 2021, our path forward now is clear. At the HPA project, we have solved the engineering challenges that plagued previous owner Orbite Technologies Limited, and our focus now has moved on to market development and financing. We are making good progress in both areas, and we look forward to providing good news on both fronts in coming months.

Economic conditions may have become more uncertain recently, but our HPA is a product of particular market interest, it is considered a critical mineral by the Australian Government, and I am confident we will be able to create significant value for shareholders from that side of our business in the first instance.

With respect to the Kendall River Kaolin (KRK) project, our view is that it does not need to be integrated with an HPA production unit, but can be more sensibly considered as a bulk hydrous kaolin export opportunity leveraging of the large high-quality deposit which is there. Unfortunately, as a small company we neither have management bandwidth or capital to advance both projects at once and our priority has been the HPA. However, with the progress expected there, we hope to be able to refocus on KRK later this year or early next.

In coming weeks, we will be arranging a shareholders' information webinar session where we can update shareholders more fully on our progress. In the meantime, I refer you to the information contained herein and the **recent updates**.

I would like to thank you, our shareholders for your continued support. FY21 was a difficult year but your Company came through *it and* is now starting to deliver on its promise. I would also like to thank our people, led by CEO Mick Adams, without whom nothing would have been achieved. Thank you.

And lastly, I would like to thank John Fletcher who, prior to me, chaired our Company since *its* inception. In the difficult times last year, John, together with Hans Bohi, provided critically needed financial support to the Company to allow it to progress *its* activities. Thank *you, John,* for both that support and your years of service.

Richard Seville
Chairperson
29 July 2022

Corporate Information

Directors
Richard Seville, Executive Chairperson
Michael Adams, Executive Director
Hans Bohi, Non-executive Director
Gregory Baker, Non-executive Director
John Fletcher, Non-Executive Director from 1 January 2022, formerly Chairman.
Timothy Fletcher, Executive Director
Steve Petersohn, Executive Director - Finance
Peter Thomson, Executive Director

Group CFO
Rachel Girard, Group CFO, appointed 11 March 2022.

Company Secretary
Rachel Wong

Principal & Registered office
3 Amy Close, Wyong NSW 2259, Australia
Email: rwong@aem-international.com

Website www.aem-international.com

Share Registry
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace, Perth WA 6000
Telephone: 1300 850 505 (investors within Australia)
Telephone: +61 (0)3 9415 4000
Email: web.queries@computershare.
Website: www.investorcentre.com

Auditor
HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street, Perth, WA 6000

Banker
ANZ Banking Corporation Limited

Lawyers
DLA Piper, Thomson Geer

AEM International Offices
AEM Canada Group Inc. & AEM Technologies Inc.
500, Boulevard Cartier West,
Laval (Québec), Canada, H7V 5B7
Email: info@aemcanada.com

Advanced Energy Minerals (UK) Limited
Unit 4F Ignite Project,
The Innovation Centre, Warwick Technology Park,
Gallows Hill, CV34 6UWW8 6BD
United Kingdom
Tel: +44 7927 552 973
Email: madams@aem-international.com

A.E.M.I. Group Cyprus office
Sotiras, 2 Tziovani Building,
Flat/Office 6 Paralimni 5286
Famagusta Cyprus

The Australian Securities and Investments Commission (ASIC) made instrument 22-0643 on 31 May 2021 under subsection 340(1) of the Corporations Act 2001 (the Act) ordering Advanced Energy Minerals Limited ACN 095 907 565 (the Company) does not have to comply with the obligation under subsection 319(1) of the Act within the timeframe specified in subsection 319(3) of the Act in respect of the financial year that ended on 31 December 2021 (Relevant Financial Year). This Order ceases to apply at the end of 31 July 2022 unless the Company lodges the report under Division 1 of Chapter 2M of the Act for the Relevant Financial Year with ASIC.

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as "the Group") consisting of Advanced Energy Minerals Limited ("AEM"), referred to hereafter as the "company" or "parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

Directors

The names and details of the Group's directors in office during the year ended 31 December 2021 and until the date of this report are as follows.

Current directors	
Richard Seville	Executive Chairperson (appointed on 1 January 2022)
Michael Adams	CEO & Director (Appointed Director on 21 January 2021)
Gregory Baker	Non-Executive Director (appointed on 25 August 2021)
Hans K. Bohi	Non-Executive Director
John Fletcher	Non-Executive Director (resigned as Chairman on 1 January 2022)
Timothy Fletcher	Executive Director
Steven Petersohn	Executive Director (appointed on 21 April 2022)
Peter Thomson	Executive Director (appointed on 30 August 2021)
Former directors	
Simon Fletcher	Non-Executive Director (appointed on 10 June 2021 and resigned on 31 August 2021)
Julian Ford	Executive Director (terminated on 8 June 2021)
Kevin Jian Jiao	Non-Executive Director (resigned on 18 January 2021)
Geoffrey Humby	Non-Executive Director (resigned on 24 July 2020)

Principal activities

AEM's principal activities are:

The HPA Project (60%)

- AEM Canada Inc ("ACG") - development of a commercial chemical plant in Quebec, Canada, for the production of 4N/5N (99.99%-99.999% High Purity Alumina (HPA) which is used in the synthetic sapphire/LED industry, advanced ceramics and battery applications and other associated products.
- AEM Technologies Inc ("AET") - research and development facilities at Laval in Quebec Canada.
- Advanced Energy Minerals (UK) Limited ("AUK") -study for the development of a HPA production plant in the UK.

Kendal River Kaolin (100%) ("KRK")

- exploration and development of the Kendal River Kaolin project, Queensland, Australia which has the potential to be an exporter of high-quality hydrous kaolin ("KRK").

Dividends

There were no dividends paid or recommended during the year ended 31 December 2021 (2020: No dividends were paid or recommended).

Review of Operations

Overview

Progress at both KRK and HPA projects was significantly hampered by the impacts of the failed capital raising in the first half of the year and the subsequent departure of then CEO, Julian Ford. The resultant lack of capital and loss of direction put considerable stress on the organization and delayed progress at both projects. However, with the immediate financial support of the Directors and HPA joint venture partner, Vivent Initiatives Ltd, the Company was able to stabilize itself and then move on to successfully complete a capital raise in the 4th quarter and add additional capacity to its board with appointment of a new Executive Chairperson. By the end of the year, the Company was materially back on track.

Despite these challenges, the Company was able to make progress on its projects, particularly at the HPA project as described below.

ACG

During the year, the focus of the work at the Cap-Chat Plant was to resolve the process engineering issues that plagued previous owner, Orbite Technologies Ltd. This was successfully achieved and by the second half, the plant was operating at approximately 2 tpm of final 4N/5N HPA product at consistent quality, and with engineering designs completed for scaling up to commercial rates.

With confidence in the engineering solutions achieved, the focus moved to market development for the HPA product prior to committing to material additional capital expenditure that would be required to put the Cap-Chat Plant into commercial operation.

Together with project financing, this continues to be the focus, with customer enquires received and qualification processes currently underway in advanced ceramics, sapphire glass and battery sectors.

Cost incurred during the research phase of projects are expensed during the year they are incurred. The production cost at the Cap-Chat Plant included higher direct and indirect cost due to the limited level of production and inefficiency during 2021.

AET

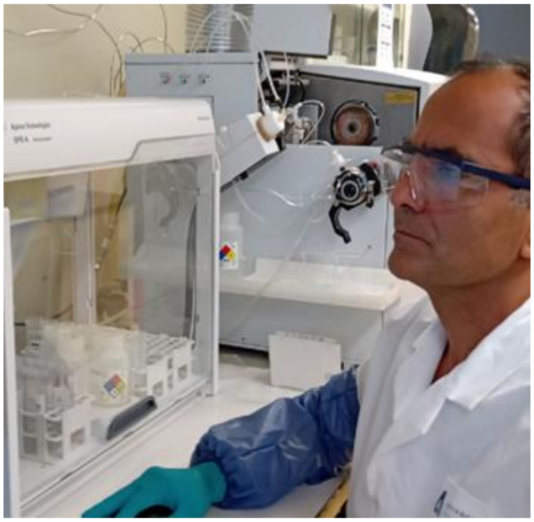
AET provided R&D support to ACG and AUK throughout the reporting period. It also completed a review of its IP portfolio to identify areas for future strengthening and development, filing an application to extend and enhance an existing patent as a part of this process.

On 27 May 2021, AET signed a Memorandum of Understanding ("MoU") with Andromeda Metals Limited ("ADN") under which the parties agreed to consider a commercial relationship to cover:

a) the license by ADN of AET's patented process for manufacturing HPA ("Process") and any additional technology, intellectual property, expertise, knowledge, process improvements and/or technical, business or operational information created by AET in relation to the Process;
b) in connection with the above, for ADN and AET to undertake feasibility studies to confirm the suitability of the Process for ADN's kaolin, identify any modifications to the Process needed to optimise its performance with ADN's kaolin and provide operating cost estimates; and
c) for AET to market and sell the HPA manufactured by ADN, through its global distribution network.

Laboratory testing of ADN's kaolin undertaken by AEMT during the report period confirmed its suitability for use as a feedstock for the Process.

The MoU established a period ("Exclusivity Period") during which the parties agreed to work together exclusively within the territory of Australia and New Zealand concerning the above matters. The exclusivity period came to an end on 30 June 2022, but the parties maintain engagement regarding future opportunities.



AUK

In January 2021, AUK successfully obtained a grant from the Automotive Transformation Fund (ATF) to support a 9-month long feasibility study into AUK's plans to establish a plant in UK to manufacture 1,000 tpa of 5N HPA (the "UK Project"). The ATF notified AUK in February 2021 that its application had been successful, subject to customary ratification processes. Following these processes, AUK subsequently kicked off the feasibility study in July 2021 with the benefit of a grant from the ATF that would support 70% of the total cost of the study up to a maximum grant amount of £669,491-A$1,246,124 (i.e., 70% of the estimated total cost of the study of £956,416 – A$1,780,177). The study was completed by the end of March 2022.

Please refer to Significant Change in State of Affairs section, on page 6, for information of the conclusions of the study post-period end.

KRK

Progress on the KRK project was limited due to capital constraints and the priority being given to the HPA project. With the change in management however, the project was thoroughly reviewed, and a go-forward strategy developed around a bulk hydrous kaolin product export concept.

AEM has been granted a Mining Development Licence (“MDL 469”) covering an area of 23,611 ha to evaluate the development of the kaolin resource at the site and has applied for six Exploration Permits for Minerals (“EPM 27007” to “EPM 27012”) over a total of 182,159 ha of adjoining land. AEM HPA (Australia) Pty Ltd (“AHA”) has been granted a Mining Lease (“ML 100200”) covering an area of 9.9 ha over Deposit A within the boundary of MDL 469. MDL 469 was renewed on 25 June 2021 for a 3-years term commencing from 1 December 2020. ML100200 was granted to AHA on 12 May 2020 expiring on 31 May 2040.

Tenement table

Company	Tenement Number	Area (hectares)	Date of Grant or Lodgement	Date of Expiry	Location
AEM	MDL469	23,611	01-Dec-15	01-Dec-23	Cape York, QLD
AHA	ML100200	10	12-May-20	31-May-40	Cape York, QLD
AEM	EPM27007	33,203	16-Aug-19	Not Yet Granted, security deposit paid Feb 21	Cape York, QLD
AEM	EPM27008	31,544	16-Aug-19	Not Yet Granted, security deposit paid Feb 21	Cape York, QLD
AEM	EPM27009	31,187	16-Aug-19	Not Yet Granted, security deposit paid Feb 21	Cape York, QLD
AEM	EPM27010	33,172	16-Aug-19	Not Yet Granted, security deposit paid Feb 21	Cape York, QLD
AEM	EPM27011	33,162	16-Aug-19	Not Yet Granted, security deposit paid Feb 21	Cape York, QLD
AEM	EPM27012	19,891	16-Aug-19	Not Yet Granted, security deposit paid Feb 21	Cape York, QLD
	EPM Total Area	182,159			

Significant Change in State of Affairs

Company name and status

The Company changed its name from Gulf Minerals Pty Limited to Advanced Energy Minerals Limited, and its company from proprietary limited company to an un-listed public company on 1 July 2021. Additionally, the Company changed its year end to December during 2020. As a result, the comparative information shown in this report is for 1 July 2020 to 31 December 2020.

Funding

In June 2021, the Company entered into a Shareholder Loan Agreement with major shareholders, Begrand Resources Limited (related party to John Fletcher, Simon Fletcher and Timothy Fletcher) and Aktiengesellschaft Stoketen (related party to Hans Bohi), the loans being secured with a fixed and floating charge over the assets of AEM. The total convertible loan raised during the year ended 31 December 2021 was $1,791,621 (6 months ended 31 Dec 2020: $Nil). Refer to Annual Report note 17 for details and key terms of the Shareholder Loan. The loan from Begrand Resources Limited was converted in full subsequent to 31 December 2021 – please refer to Matters subsequent to balance date section below.

During the last quarter of 2021, the Company raised a total of A$5,225,565 by issuing ordinary shares at 18c/share to sophisticated investors to fund its projects and administration.

Director appointments

On 31 May 2021, Michael Adams was appointed as CEO.
On 25 August 2021, Gregory Baker joined the AEM board as Non-Executive Director.
On 31 August 202,1 Peter Thomson joined the AEM board as Executive Director responsible for the Kendall River Kaolin Project.

ACG

ACG successfully prequalified SupALOX™ HPA with a leading US manufacturer of solid-state battery electrolyte and the material is now being trialled for 3D ceramic printing applications in Europe.

The company appointed a Senior Vice President for Sales and Marketing in May 2022 to lead its global sales efforts.

SUPALOX™
HIGH PURITY ALUMINA

AUK and AET

AUK completed the feasibility study for the UK Project In March 2022 and duly received the related ATF grant funding to which it was entitled. The feasibility study delivered an upgraded process design, a new, costed plant concept design and a range of useful R&D outcomes that are applicable to not just the UK Project, but also plans for expanding capacity at Cap-Chat. The prospects for the UK Project are currently hindered by the high energy costs prevalent in the UK and the project is unlikely to proceed until and unless a way can be found to source electrical energy for it at a globally competitive price. AUK is currently discussing possible solutions to this issue with the government and other industry players that face similar hurdles.

Termination of Julian Ford employment and directorships and related litigation

Julian Ford was served 3-months' notice of termination of his employment by AEM the Company on 31 May 2021 (which would have brought Mr Ford's employment to an end with effect from 31 August 2021). Mr Ford resigned his directorships with immediate effect on 4 June 2021. Mr Ford purported to end his employment with immediate effect on 4 June 2021 and the Company accepted that his employment was at an end with immediate effect on 8 June 2021.

Mr Ford and the Company are in dispute in relation to the ending of Mr Ford's employment and related claims (including the Company's claims that Mr Ford breached and repudiated both his Employment Agreement and a related Loan Agreement; and contravened the Corporations Act 2001 (Cth) and related duties) and these disputes are currently before the Federal Court of Australia.

On 20 August 2021, Mr Ford commenced a second set of proceedings in the Federal Court of Australia against the Company and specific directors and officers of the Company in that capacity, namely: Mr John Fletcher (the Company's Chairman up until 31 December 2021), Mr Tim Fletcher (an executive director of the Company), Mr Michael Adams (an executive director of the Company and CEO since 31 May 2021) and Ms Rachel Wong (company secretary of the Company). By these proceedings, Mr Ford alleges conduct contrary to the interests of the Company's shareholders, as a whole, within the meaning of section 232(d) of the Corporations Act 2001 (Cth) and seeks orders requiring Mr John Fletcher to stand down and each of Mr John Fletcher, Mr Tim Fletcher, Mr Michael Adams and Ms Rachel Wong to purchase Mr Ford's 10.3 million shares in the Company from him at a price to be fixed by the Court, among other things. The Company and the other respondents deny that there has been conduct contrary to the interests of the Company's shareholders as alleged or at all and are vigorously defending Mr Ford's claims.

Matters subsequent to balance date

On 1 January 2022, John Fletcher stepped down as Chairman. Richard Seville was appointed as Executive Chairperson for the Group (John Fletcher remains as an AEM Director). As part of his remuneration, Richard Seville was granted 5,000,000 incentive options exercisable at $0.18 expiring on 31 December 2024.

Since 31 December 2021, in the Julian Ford litigation before the Federal Court of Australia (as to which, see the 'Significant Change in State of Affairs' section above), the parties have completed pleading (or filing concise statements regarding) their respective cases, the Court has made orders that the 2 proceedings be heard together and the evidence in each be the evidence in the other (saving all just exceptions) and the parties have given discovery.

On 4 January 2022, AEM received A$2,150,000 of subscription funds for 11,944,444 shares subscribed at $0.18 and issued on 31 December 2021.

Steven Petersohn was appointed as Executive Director (Finance) from 21 April 2022.

Rachel Girard was appointed Group CFO in April 2021. Rachel Wong continued her Company Secretary role after stepping down as CFO.

The Tranche A (1,500,000 options) granted to Michael Adams vested subsequent to the year-end after the successful application of UK Government grant and full claim received by AUK. On 12 May 2022, AUK received the final tranche of its feasibility study from the ATF for an amount of £447,069 - A$789,968.

In June and July 2022, an additional US$437,585 (A$624,087) was borrowed from ViVent Initiative Limited under the Standby Loan Facility under the Shareholder Agreement (AEMIG) dated 15 April 2020 (2020:US$455,000). The loan is non-interest bearing and repayable, prior to any distributions to shareholders, when AEMIG has sufficient liquidity.

On 13 July 2022, Begrand Resources Limited converted the shareholders loan balance of $1,755,468 ($1,688,258 principal and $67,210 interest) by receiving 11,641,458 shares (at $0.15 agreed conversion price), 11,641,458 options (exercisable within 2 years, at $0.25 exercise price), and a net cash repayment of $2,528 for interest component post 30 June 2022.

On 30 June 2022, the Directors resolved to proceed with a A$4.2m capital raising at $0.20 to sophisticated investors for working capital.

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

Likely developments and expected results of operations

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

Environmental regulation

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

Information on Directors

The names and details of the Group's directors in office during the year ended 31 December 2021 and until the date of this report are as follows.

Directors	Qualifications, experience and special responsibilities
Mr Richard Seville	BSc.(Mining Geology), M.Eng.(Rock Engineering)
Executive Chairman (appointed on 1 January 2022)	Richard comes with a highly successful track record in the junior to mid-cap resources space with over 25 years as Managing Director or Executive Director of various ASX, TSX or AIM listed companies. This included 12 years as MD/CEO of lithium producer Allkem ASX:AKE (formerly Orocobre) which he took from at IPO in 2007 to a significant producer of lithium chemicals and party of the battery supply chain. Richard is very familiar with equity markets, particularly in the junior and mid-cap space, and has lead raisings of approximately AUD500 million over the past 25 years. Richard currently is an NED of ASX100 lithium producer Allkem, ASX100 copper producer Oz Minerals, and non-executive Chair of ASX listed potash developer Agrimin.
Michael Adams	MA in Engineering and MBA
Executive Director (Appointed on 21 January 2021)	Mr. Adams has nearly 40 years of business experience in the development and financing of major projects and new business initiatives. He joined Somerley in 2009, having previously worked for several multinational corporations and advisory firms. A Chartered Engineer, Mr. Adams is a past Chairman of the Shanghai Chapter of the European Union Chamber of Commerce in China and holds a master's degree in Engineering from Cambridge University and an MBA from INSEAD.
Gregory Baker	B.Com
Non-Executive Director (appointed on 25 August 2021)	Greg has over 30-years of experience in financial services and investment management. He has worked in Sydney, Hong Kong, Ireland and Singapore. He now manages investment portfolios from Sydney, Australia.
Hans K. Bohi	BSc (Agr Eng)
Non-Executive Director	Hans Bohi is a Suisse national who manages a century old family business. Hans is experienced in remote area development and construction. During his tenure, the family business has expanded its hydro power production and electric utility operations, while also re-developing abandoned factories and commercial real estate in Switzerland. In recent times, the family business has expanded its agricultural and forestry real estate from Switzerland to the USA and to Australia. The expansion strategy is targeting agriculture, timberland and renewable energy.
John Fletcher	CBE
Chairman (resigned on 1 January 2022) **Non-Executive Director**	John Fletcher served on the main board of Trafalgar House Public Co., Ltd. as Director and Chairman and subsequently Chairman and President of Kvaerner's worldwide engineering and construction operations. With over 40 years of experience, John has extensive high-level connections and international exposures overseeing major projects including construction, property, energy and finance. John is currently a director and substantial shareholder of the Hong Kong and Beijing based investment bank, Somerley Group Limited.
Timothy Fletcher	B.Sc. (Estate Management)
Executive Director	Tim's expertise in overseeing commercial property development covering various international locations including Mexico, London, Hong Kong and China. Tim is also an advisor for Mainland China & Australia in the area of mining
Steven Petersohn	B.A.
Executive Director (appointed on 21 April 2022)	Over 40 years of international experience in trading and distribution, investment banking and fund management. Based in Hong Kong and New York, Steven currently holds directorships in a boutique business and management consultancy firm and a SGX listed premium automotive dealership group.
Peter Thomson	BA Hons, MBA
Executive Director (appointed on 30 August 2021)	30+ years of Business Development experience in Engineering & Construction, Power & Water Industries, spread across the UK, Hong Kong/China, Japan, South Africa and Australia. Now based in Perth, WA, and MD of Glenfield Asia Pacific Ltd, manages a services business providing valve related technical sales support for Dams, Reservoirs and Hydro sectors across the Asia Pacific Region.

Company Secretary	Qualifications, experience and special responsibilities
Rachel Wong	B.Com, M.Com, CPA Rachel began her career with PriceWaterhouseCoopers and served as CFO and Company Secretary with two publicly listed Australian companies for over 10 years.

Meetings of Directors

The number of management meetings and meetings of the Company's Board of Directors held during the year ended 31 December 2021, and the number of meetings attended:

Director	Directors' meetings		Audit Committee		Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Michael Adams	18	16	0	0	0	0
Gregory Baker	4	4	0	0	0	0
Hans K. Bohi	20	20	0	0	1	1
John Fletcher	20	19	0	0	0	0
Tim Fletcher	20	19	0	0	0	0
Richard Seville (by invitation)	2	2	0	0	0	0
Steven Petersohn (by invitation)	3	3	0	0	0	0
Peter Thomson	4	4	0	0	0	0
Former Directors						
Geoffrey Humby	0	0	0	0	0	0
Kevin Jiao	1	0	0	0	0	0
Simon Fletcher	6	4	0	0	0	0
Julian Ford	9	8	0	0	0	0

Following the resignation of Geoffrey Humby in July 2020 and Kevin Jiao in January 2021, the Audit Committee and Remuneration Committee which consisted of less than 3 members, did not hold any meetings. It was resolved on 7 December 2021 by the Directors that given the size and complexity of the Company's operations at the current stage, it is in the best interest of the Company for audit and remuneration matters to be directly considered and decided by the Board of Directors.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
01-July-2017	31-December-2022	0.05	4,000,000
01-October-2020	30-September-2022	0.25	332,974
20-February-2021	19-February-2023	0.15	4,500,000
14-January-2021	13-January-2025	0.18	5,000,000

Shares issued on the exercise of options

The following ordinary shares of Advanced Energy Minerals Limited were issued during the year ended 31 December 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
14-September-2020	0.25	100,000
16-September-2020	0.25	100,000
29-September-2020	0.25	50,117
29-September-2020	0.25	333,333
09-November-2020	0.25	83,334
17-December-2020	0.25	63,180
24-December-2020	0.25	333,334
24-December-2020	0.25	333,334
29-December-2020	0.25	162,073

Date options granted	Exercise price	Number of shares issued
29-December-2020	0.25	166,667
31-December-2020	0.25	375,000
31-December-2020	0.25	27,778
18-January-2021	0.25	266,667
18-January-2021	0.25	2,104
20-February-2021	0.16	1,562,000
22-February-2021	0.25	1,148,500
09-March-2021	0.25	1,121,500

Key Management Personnel (KMP) Remuneration

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following table.

2021

	Short-term benefits				Total monetary remuneration	Long-term benefits		Total remuneration
	Salary & fees	Super-annuation	Other	Annual leave		Equity-settled share-based payments - Options	Equity-settled share-based payments - Shares	
	$	$	$	$	$	$	$	$
Total	**956,692**	**25,879**	**550,135**	**50,995**	**1,583,701**	**537,631**	**49,262**	**2,170,594**

2020

	Short-term benefits				Total monetary remuneration	Long-term benefits		Total remuneration
	Salary & fees	Super-annuation	Other	Annual leave		Equity-settled share-based payments - Options	Equity-settled share-based payments - Shares	
	$	$	$	$	$	$	$	$
Total	**595,628**	**18,525**	**162,390**	**18,946**	**795,489**	**13,305**	**-**	**808,794**

Please refer to Note 26 Key management personnel disclosures.

Key Management Personnel (KMP) Options

The number of options in the Company held during the financial year by each Director and other key management personnel of the Company, including their personally related parties is set out below:

Name	Note	Balance at the start of the year	Granted as remuneration	Exercised	Forfeited /Lapsed	Balance at 31 December 2021	Vested and Exercisable	Unvested
Director								
Richard Seville	a	-	-	-	-	-	-	-
Michael Adams	b	-	4,500,000	-	-	4,500,000	-	4,500,000
Timothy Fletcher	c	6,000,000	-	(1,500,000)	(500,000)	4,000,000	-	4,000,000
Hans K. Bohi	d	332,974	-	-	-	332,974	332,974	-
Executive KMP								
Rachel Wong	e	-	2,250,000	(2,250,000)	-	-	-	-

(a) Richard Seville & Associates P/L, a related party to Richard Seville was nominated as the holder of 5,000,000 incentive options granted to Richard Seville subsequent to 31 December 2021.

(b) The Performance options were granted to Michael Adams via an Employee Option Plan that was approved and adopted by the Board of Directors on 19 February 2021. MGW Adams Ltd, a related party to Michael Adams was nominated to hold his performance options. The performance options will vest on:

- Tranche A (1,500,000 options) - The date on which the Company, or its designated subsidiary, is notified by the UK Government that is has made a successful application to it for a first tranche of grant funding to support the development of the UK HPA Project. The Tranche A options vested subsequent to the year-end after the successful application of grant and full claim received by AUK.
- Tranche B (1,500,000 options) - The date on which the financing for the UK HPA Project is successfully closed.
- Tranche C (1,500,000 options) - The date on which the UK HPA Project successfully completes its commissioning.

In the event of an agreed Change of Control or IPO of the Company, any of Tranches A, B or C that have not already vested shall vest automatically. A "Change of Control" means either (1) a change in the beneficial ownership of 50% or more of the shares in the Company or (2) the sale of all or substantially all the Company's assets.

(c) The Performance options held by Timothy Fletcher were (or, in the case of Tranche 3, are) to vest subject to conditions as follows:

- Tranche 2 (2,000,000 options) - Were to vest when a decision for full-scale mining has occurred by the Company and sufficient capital has been raised or secured to construct a full-scale process plant for the treatment of ore from the Kendall River project. In March 2021, the Board resolved to vest the options to facilitate emergency funding. As a result, 1,500,000 options were exercised to raise $75,000. Vesting of the remaining 500,000 options was reversed by the Board in June 2021 and those options have lapsed, unvested and unexercised.
- Tranche 3 (4,000,000 options) - Are to vest if and when commercial production has been achieved for a period of 3 months or more on the full-scale plant by 31 December 2022.

(d) The 332,974 options were received as attached options at $0.15 share subscription in October 2020 by Aktiengesellschaft Stoketen, related party of Hans Bohi.

(e) The incentive options were granted to Rachel Wong via an Employee Option Plan that was approved and adopted by the Board of Directors on 19 February 2021. They were granted in substitution of AEM's pre-existing obligations owed to Ms Wong under an agreement between AEM and Ms Wong made at the start of Ms Wong's engagement by AEM in or about July 2018 (1.6 million AEM shares as part of the remuneration payable by AEM to Ms Wong for 4 years' service). In February 2021, the Board resolved to grant 2,250,000 vested options at $0.16 exercise price. In June 2021, Ms Wong's nominated holder exercised the options to obtain 1,562,000 shares in total by (i) paying $16,000 for 100,000 shares; and (ii) by cashless exercise i.e. exchanging the remaining 2,150,000 options for 1,462,000 shares (giving effect to Ms Wong's acceptance in April 2021 of the Company's offer of cashless exercise).

Indemnification and Insurance of Directors, Officers and Auditors

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

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

Proceedings on Behalf of the Company

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

The Company is defending 2 proceedings brought by its former CEO and executive director, Mr Julian Ford, refer to Significant Change in State of Affairs' and 'Matters subsequent to balance date' sections above.

Non-Audit Services

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

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

During the year, HLB Mann Judd, the Company's auditor did not provide any other services in addition to their statutory audits. Non-audit fees amount was therefore $Nil (2020: $Nil). Details of remuneration paid to the auditor can be found within the financial statements at note 28.

Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the year ended 31 December 2021 has been received and can be found on page 44 of the annual report.

Richard Seville
Executive Chairperson
Dated 29 July 2022

Consolidated Statement of profit or loss and other comprehensive loss

For the period ended 31 December 2021

	Note	12 months to 31 December, 2021	6 months to 31 December, 2020
		$	$
Revenue	5	47,179	-
Other income			
Interest income	6	393	1,737
Other income	6	277,599	50,000
		325,171	**51,737**
Expenses			
Raw materials and consumables used		(525,996)	(46,606)
Employee benefits expense		(1,187,037)	(392,260)
Depreciation and amortisation		(784,512)	(6,123)
Patent maintenance		(56,961)	(37,524)
Production expenses	7	(2,066,307)	(462,262)
UK project		(752,074)	-
Research and development expenses	7	(2,638,152)	(911,302)
Market Studies		(32,052)	-
Other expenses	7	(1,068,879)	(645,166)
Finance costs	7	(316,464)	(320,865)
Share-based payments		(581,173)	(13,305)
Foreign exchange gain/ (loss)		(723,992)	(921,717)
Total expenses		**(10,733,599)**	**(3,757,129)**
Profit/(Loss) before Tax		**(10,408,428)**	**(3,705,393)**
Income tax (expense)/ benefit	8	243	(248)
Net Profit/(Loss) for the Year		**(10,408,185)**	**(3,705,641)**
Other Comprehensive Profit/(Loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		446,389	(342,766)
Total Comprehensive Profit/(Loss) for the Period		**(9,961,796)**	**(4,048,407)**
Profit/(Loss) for the Period Attributable to:			
Owners of Advanced Energy Minerals Ltd		(6,855,232)	(2,287,033)
Non-controlling interest		(3,552,953)	(1,418,608)
		(10,408,185)	**(3,705,641)**
Total Comprehensive Profit/(Loss) Attributable to:			
Owners of Advanced Energy Minerals Ltd		(6,408,843)	(2,629,799)
Non-controlling interest		(3,552,953)	(1,418,607)
		(9,961,796)	**(4,048,407)**

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

Consolidated Statement of financial position

As at 31 December 2021

	Note	31 December, 2021	31 December, 2020
Current Assets		$	$
Cash and cash equivalents	9	1,292,839	472,449
Trade and other receivables	10	2,627,695	922,629
Inventories	11	225,685	117,904
Current Assets - others	12	167,566	154,513
Total Current Assets		**4,313,786**	**1,667,495**
Non-Current Assets			
Property, plant, and equipment	13	8,544,931	8,488,618
Exploration and evaluation asset	14	6,260,265	5,917,181
Intangibles	15	361,305	359,009
Mining Lease		138,039	138,039
Total Non-Current Assets		**15,304,540**	**14,902,848**
Total Assets		**19,618,326**	**16,570,343**
Current Liabilities			
Trade and other payables	16	1,228,310	680,797
Other liabilities	17	5,145,390	768,705
Employee benefits	18	163,293	137,031
Current tax liabilities		-	233
Total Current Liabilities		**6,536,993**	**1,586,766**
Non- Current Liabilities			
Shareholder convertible loan	17	1,820,836	-
Zero Coupon Notes	17	4,083,837	3,766,283
Total Non-Current Liabilities		**5,904,673**	**3,766,283**
Total Liabilities		**12,441,666**	**5,353,049**
Net Assets		**7,176,660**	**11,217,294**
Equity			
Issued capital	20	15,094,276	9,439,205
Reserves	21	462,268	(250,212)
Accumulated losses	22	(11,067,600)	(4,212,368)
Non-controlling interest	23	2,687,717	6,240,670
Total Equity		**7,176,660**	**11,217,294**

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

Consolidated Statement of cash flows

For the period ended 31 December 2021

	Note	12 months to 31 December, 2021	6 months to 31 December, 2020
Cash flows from operating activities		**$**	**$**
Receipts from customers (inclusive of GST)		47,179	50,000
Other income		277,599	-
Payments to suppliers and employees (inclusive of GST)		(8,041,635)	(2,695,722)
Interest received		393	1,737
Interest and other finance costs paid		(269,831)	(320,865)
Net cash used in operating activities		**(7,986,295)**	**(2,964,850)**
Cash flows from investing activities			
Payments for property, plant and equipment		(264,051)	(3,661,623)
Payments for Intangibles Assets		(31,898)	-
Payments for Exploration and evaluation assets		(343,083)	(553,070)
Proceeds from sale of property, plant and equipment		22,709	-
Net cash used in investing activities		**(616,323)**	**(4,214,693)**
Cash flows from financing activities			
Proceeds from issue of shares		3,189,989	926,815
Proceeds from borrowings		6,197,521	768,705
Proceeds from minority interest		-	5,793,786
Net cash from financing activities		**9,387,510**	**7,489,306**
Net increase/(decrease) in cash and cash equivalents		784,892	309,764
Cash and cash equivalents at the beginning of the financial year		472,449	167,629
Effects of exchange rate changes on cash and cash equivalents		35,498	(4,944)
Cash and cash equivalents at the end of the financial year	9	1,292,839	472,449

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

Consolidated Statement of changes in equity

For the period ended 31 December 2021

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Exchange Translation Reserve	Non Controlling Interest	Total
	$	$	$	$	$	$
Balance at 1 July 2020	**6,605,702**	**(1,925,335)**	**79,249**	**-**	**7,659,278**	**12,418,894**
(Loss) for the 6 months ended 31 December 2020	-	(2,287,033)	-	-	(1,418,608)	(3,705,641)
Changes in accounting policy	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	(342,766)	-	(342,766)
Total comprehensive income for the year	**-**	**(2,287,033)**	**-**	**(342,766)**	**(1,418,608)**	**(4,048,407)**
Transaction with owners, directly in equity						
Shares issued during the year (net of costs)	2,833,503	-	-	-	-	2,833,503
Share-based payments	-	-	13,305	-	-	13,305
Balance at 31 December 2020	**9,439,205**	**(4,212,368)**	**92,554**	**(342,766)**	**6,240,670**	**11,217,294**
Balance at 1 January 2021	**9,439,205**	**(4,212,368)**	**92,554**	(342,766)	**6,240,670**	**11,217,294**
(Loss) for the year	-	(6,855,232)	-	-	(3,552,953)	(10,408,185)
Other comprehensive income for the year	-		-	446,389		446,389
Total comprehensive income for the year	**-**	**(6,855,232)**	**-**	**446,389**	**(3,552,953)**	**(9,961,796)**
Transaction with owners, directly in equity						
Shares issued during the year (net of costs)	5,339,989	-	-	-	-	5,339,989
Share-based payments	315,082	-	266,091	-	-	581,173
Balance at 31 December 2021	**15,094,276**	**(11,067,600)**	**358,645**	**103,623**	**2,687,717**	**7,176,660**

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

Notes to consolidated financial statements
For the period ended 31 December 2021

Note 1. Significant Changes in the Current Reporting Year

The financial position and performance of the Group was particularly affected by the following events and transactions during the year ended to 31 December 2021:

- ACG successfully prequalified SupALOX™ HPA with a leading US manufacturer of solid-state battery electrolyte and the material is now being trialled for 3D ceramic printing applications in Europe.
- In February 2021, AUK successfully obtained a grant from the Automotive Transformation Fund (ATF) to support a 9-month long feasibility study into AUK's plans to establish a plant in UK to manufacture 1,000 tpa of 5N HPA (the "UK Project"). AUK subsequently kicked off the feasibility study on 1st July 2021 with the benefit of a grant from the ATF that would support 70% of the total cost of the study up to a maximum grant amount of £669,491- A$1,246,124 (i.e., 70% of the estimated total cost of the study of £956,416 – A$1,780,177). During the period ended 31 December 2021, AUK received $277,484 - £151,417 (6 months ended 31 December 2020: $Nil)
- During the year the Company raised a total of A$5,225,565 by issuing ordinary shares to sophisticated investors to fund on£ working capital commitments.
- In June 2021, the Company entered into a Shareholder Loan Agreement with major shareholders, Begrand Resources Limited (related party to John Fletcher, Simon Fletcher and Timothy Fletcher) and Aktiengesellschaft Stoketen (related party to Hans Bohi). The loans are secured on fixed and floating charge over the assets of AEM. The total convertible loan raised during the year ended 31 December 2021 was $1,820,836 (6 months ended 31 December 2020: $Nil). Please refer to note 17 for details and key terms of the Shareholder Loan and the full conversion of Begrand Resources Limited subsequent to the year end.
- The Group has reviewed its exposure to climate-related and other emerging business risks during the reporting period but has not identified any risks that could impact the financial performance or position of the Group as at 31 December 2021 other than those already disclosed. The Group has sufficient capacity to enable it to meet covenants on its existing borrowings and sufficient working capital to service its operating activities. For a detailed discussion about the Group's performance and financial position, please refer to our review of operations on pages 2 to 4.

Note 2. Corporate Information and Significant Accounting Policies

Corporate information

Advance Energy Mineral Limited. (the "Company", "AEM", the "Group") was incorporated in 2000 in New South Wales, Australia. The Company changed its name from Gulf Minerals Pty Limited to Advanced Energy Minerals Limited, and its company from proprietary limited company to an un-listed public company on 1 July 2021. Additionally, the Company changed its year end to December during 2020. As a result, the comparative information shown in this report is for 1 July 2020 to 31 December 2020.

The Company changed its Principal Place of Business & Registered office to 3 Amy Close, Wyong NSW 2259, Australia in August 2021.

The Company also operates a high purity alumina ("HPA") Plant production facility and a technology development center where its HPA processes and technologies are tested and optimized. The Company is a clean technology based mineral processing and resource development company. The Company has developed proprietary processes and technologies, which are expected to enable the environmentally sustainable and cost-effective production of high value products such as high-purity alumina, silica, hematite, magnesium oxide, titanium oxide, smelter-grade alumina ("SGA"), as well as rare earth oxides ("REO") and rare metal oxides ("RMO").

Basis of preparation

These are the consolidated financial statements and notes of the Company and controlled entities (collectively the Group). Advance Energy Minerals Ltd is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 29 July 2022 by the Directors of the Company.

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

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

Statement of compliance

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

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

Going concern

For the year ended 31 December 2021, the Group had incurred a net loss after tax of $10,408,185 (6 months ended 31 December 2020: $3,705,641), a net cash inflow of $784,892 (6 months ended 31 December 2020: $309,764 inflow), was in a net asset position of $7,176,660 (2020: $11,217,294) and a cash and cash equivalents position of $1,292,839 (2020: $472,449) as at 31 December 2021.

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

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the production ramp-up, the purchasing of the final treatment equipment, the attainment of profitable. The Company has not generated revenue or cash flow from its exploration and evaluation assets nor from its HPA plant. The Company's sources of funding to this point have been the issuance of equity securities, debt and government grants.

The continued viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent on the Group being successful in:

- The commencement of profitable production of HPA; and
- Securing funding when and if it is required.

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be successful in these endeavours and the Group will be able to continue to meet its debts as and when they fall due based on its ability over the previous months to secure financing such has the following funding developments subsequent to 31 December 2021:

On 4 January 2022, AEM received A$2,150,000 of subscription funds for 11,944,444 shares subscribed at $0.18 and issued on 31 December 2021.

- On 13 July 2022, Begrand Resources Limited converted the shareholders loan balance of $1,755,468 ($1,688,258 principal and $67,210 interest) by receiving 11,641,458 shares (at $0.15 agreed conversion price), 11,641,458 options (exercisable within 2 years, at $0.25 exercise price), and a net cash repayment of $2,528 for interest component post 30 June 2022.
- In June and July 2022, an additional US$437,585 was borrowed from ViVent Initiative Limited under the Standby Loan Facility under the Shareholder Agreement (AEMIG) dated 15 April 2020 (2020:US$455,000). The loan is non-interest bearing and repayable, prior to any distributions to shareholders, when AEMIG has sufficient liquidity

To finance the new equipment acquisition for its HPA plant, the Company is presently seeking multiple loans with Investissement Québec and other sub-government entity in Canada but have not completed the process to obtain such loans. The Company also entered into an agreement with the minority interest shareholder to provide for an additional USD200,000 Loan. The loan is non-interest bearing and repayable, prior to any distributions to shareholders, when AEM International Group has sufficient liquidity. Furthermore, On 30 June 2022, the Directors resolved to proceed with a A$4.2m capital raising at $0.20 to sophisticated investors for working capital.

The Company has no other committed sources of future financing as of the date of these financial statements other than the one mentioned above. As at the date of these financial statements, the Company's working capital is insufficient to cover the costs to material additional capital expenditure that would be required to put the Cap-Chat Plant into commercial operation including the end product treatment portion and the cost to continue the development of the KRK project.

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

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

<u>Historical cost convention</u>

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

<u>Significant accounting estimates and judgments</u>

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

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

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

Exploration and evaluation expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likely hood of commercially viable reserves.

Share-based payment transactions

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

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

Note 3. Principles of consolidation

Subsidiaries

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

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

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

Functional and presentation currency

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

The financial report is presented in Australian dollars.

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

Group companies and foreign operations

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

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

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

Note 4. New accounting standards

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

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

The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2021 but determined that their application to the financial statements is either not relevant or not material.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. The Group's assessment of the impact of these new standards and interpretations is that they would not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 5. Revenue

	12 months to 31-Dec 2021	6 months to 31-Dec 2020
Revenue	**$**	**$**
Revenue	47,179	-
	47,179	**-**

RECOGNITION & MEASUREMENT

Revenue recognition

Revenue is measured as the amount of consideration that the Group expects to be entitled to in exchange for transferring goods to its customers. The Group recognises revenue when (or as) the performance obligations, as determined by contracts with the customers, have been satisfied. The following criteria are also applicable to specific revenue transactions.

HPA sales

The Group recognises revenue from HPA sales as its obligations are satisfied in accordance with an agreed contract between the Group and its customers. Revenue is recognised at this point that control over the HPA product has been passed to the customer and the Group has fulfilled its obligations under the contract.

Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Government grants / rebates

Grants from the government are recognized at the fair value where it is a reasonable assurance that the grant will be received, and the Group has complied with the conditions attached to the grant.

Other sales

The revenue from other sales that do not arise from the ordinary activities of the group are recognised at the point of a sale, when a buyer takes immediate ownership of the purchased goods.

JUDGEMENTS AND ESTIMATES

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised when a customer obtains control of the promised asset, and the Group satisfies its performance obligations under the contract. The Revenue is allocated to each performance obligation. The Group considers the terms of the contract in determining the transaction price. The transaction value is based on the amount the entity expects to be entitled to upon an initial assay prepared on collection of the goods.

Note 6. Other income

	12 months 31 December, 2021	6 months 31 December, 2020
Other income	**$**	**$**
Australian Government COVID-19 assistance	-	50,000
Interest income	393	1,737
Other income (Grant income)	277,599	-
	277,992	**51,737**

Note 7. Other Expenses & Finance cost

		12 months 31 December, 2021	6 months 31 December, 2020
		$	**$**
Production expenses	a	**2,066,307**	**462,262**
Research and development expenses	b	**2,638,152**	**911,302**
Finance costs	c	**316,464**	**320,865**
Other expenses			
Professionnal Fees		437,120	209,254
Consultancy		298,355	274,003
IT Expenses		124,104	49,527
Marketing		15,047	-
Office Expenses		90,621	17,118
Travel & Expense		17,059	49,051
General Insurrance		14,311	5,970
Audit Fees		45,000	2,798
Local compliance (Canada)		1,645	4,269
Other		25,618	33,175
Total other expenses		**1,068,879**	**645,166**

a) Production expenses include cost not directly attributable to the acquisition of new fixed assets or the development of new technologies. The production expenses include repair and maintenance of the HPA production plant, employees related cost of Plant management and inefficiency due to the low production volume during 2021 and 2020.

b) Research and development expenses include cost to run the laboratories including employees related cost and third parties' expenses incurred to obtain new knowledge, search, and evaluate new materials, new processes and the testing of prototypes.

c) Finance costs include bank fees, financing transaction cost and change in fair value of the zero-coupon notes.

Note 8. Income tax

	12 months 31 December, 2021	6 months 31 December, 2020
	$	$
Current tax	-	248
Adjustment recognised for prior periods	(243)	-
Aggregate income tax expense	(243)	248
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	(10,408,428)	(3,705,393)
Tax at the statutory tax rate of 30%	3,122,528	1,111,618
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	(96,155)	(452,447)
Deferred tax asset not brought to account	(3,026,373)	(658,923)
	-	248
Adjustment recognised for prior periods	(243)	-
Income tax expense	(243)	248

RECOGNITION & MEASUREMENT

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

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

JUDGEMENTS AND ESTIMATES

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

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

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

NOTE 9. Cash & cash equivalents

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Cash at bank and in hand	1,292,839	472,449
	1,292,839	**472,449**

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

NOTE 10. Trade & other receivables

		Consolidated	
		31 December, 2021	31 December, 2020
Current		$	$
Trade Debtors		442,402	916,905
Tax Receivable		35,293	5,724
Subsription funds in transit	a)	2,150,000	-
		2,627,695	**922,629**

a) As of 31 December 2021, subscriptions funds of A$2,150,000 was in transit. Shares were issued on 31 December 2021 and the corresponding funds were credited to the Company's bank account on 4 January 2022.

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

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

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

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

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the year-end which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

NOTE 11. Inventories

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Finished products	78,873	-
Intermediate product	97,124	-
Raw materials	49,688	117,904
	225,685	**117,904**

RECOGNITION & MEASUREMENT

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

NOTE 12. Current assets – other

	Consolidated	
	31 December, 2021	31 December, 2020
Current	$	$
Prepaid Expenses	167,566	154,513
	167,566	**154,513**

Note 13. Property, Plant and Equipment

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Land and buildings	402,205	377,001
Less: accumulated depreciation	(26,629)	-
	375,576	377,001
Leasehold improvements, at cost	17,712	17,712
Less: accumulated depreciation	(14,354)	(11,989)
	3,358	5,723
Assets under construction, at cost	202,833	8,045,509
Furnitures and IT – at cost	62,859	60,385
Less: accumulated depreciation	(17,987)	-
	44,872	60,385
Plant and equipment – at cost	8,626,221	-
Less: accumulated depreciation	(707,929)	-
	7,918,292	-
	8,544,931	**8,488,618**

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

2021

Reconciliation of plant and equipment	Land and buildings	Leasehold improvements	Plant and equipment	Furnitures and IT equipment	Assets under construction	Total
Carrying amount at the beginning of the period	377,001	5,723	0	60,385	8,045,509	8,488,618
Additions	-	0	44,215	21,484	198,352	264,051
Amortization	(26,629)	(2,365)	(707,929)	(17,987)	-	(754,910)
Disposals	-	-	-	(22,709)	-	(22,709)
Reclassification	-	-	8,045,507	-	(8,045,507)	-
Foreign currency translation movement	25,204	-	536,499	3,699	4,479	569,881
Carrying amount at the end of the year	**375,576**	**3,358**	**7,918,292**	**44,872**	**202,833**	**8,544,931**

2020

Reconciliation of plant and equipment	Land and buildings	Leasehold improvements	Plant and equipment	Furnitures and IT equipment	Assets under construction	Total
Carrying amount at the beginning of the period	415,005	7,178	-	2	5,137,264	5,559,450
Additions	-	-	-	64,290	3,597,333	3,661,623
Amortization	-	(1,455)	-	-	-	(1,455)
Foreign currency translation movement	(38,004)	-	-	(3,907)	(689,088)	(730,999)
Carrying amount at the end of the year	**377,001**	**5,723**	-	**60,385**	**8,045,509**	**8,488,618**

RECOGNITION & MEASUREMENT

Property, plant, and equipment

Buildings and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. Property, plant and equipment directly engaged in mining operations are depreciated over the shorter of expected economic life or over the remaining life of the mine on a units-of-production basis. Assets which are depreciated on a basis other than units-of-production method are typically depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	25 years
Computer equipment	3 years
Leasehold improvements	over the term of the leases
Machinery and equipment including vehicles	5 to 25 years
Furniture and fixtures	5 to 15 years

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

Impairment and derecognition

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

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

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

Note 14. Exploration and evaluation expenditure

		Consolidated	
		31 December, 2021	31 December, 2020
Exploration and evaluation expenditure (EEA) at cost:		$	$
Gulf Minerals MDL 469 EEA	a	4,660,664	4,321,034
MDL 469 EEA acquired from Kendall Resources	b	1,000,000	1,000,000
MLA100200 and HPA application related EEA	c	599,601	596,147
		6,260,265	**5,917,181**
Reconciliation of exploration and evaluation expenditure			
Carrying amount at beginning of the year		5,917,181	5,733,831
Exploration expenditure during the year		343,084	183,351
Carrying amount at the end of the year		**6,260,265**	**5,917,181**

(a) Actual accumulated expenditures by the Company on MDL469 exploration and evaluation from the date of acquisition.
(b) Exploration and evaluation assets acquired from Kendall Resources in 2008 at $1,000,000 (4,000,000 ordinary shares at $0.25 per share).
(c) Actual accumulated expenditures by the Group on exploration and evaluation in relation to application of kaolin on HPA production.

RECOGNITION & MEASUREMENT

Exploration and evaluation expenditures in relation to each separate area of interest with current tenure are carried forward to the extent that:

(i) such expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.
In the event that an area of interest is abandoned or, if facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is impaired then the accumulated costs carried forward are written off in the year in which the assessment is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as ‘mine development asset’.

JUDGEMENTS AND ESTIMATES

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

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

MDL469 was acquired from Kendall Resources Limited in 2008. Under the principles of AASB 2, the acquisition price was determined to be $1,000,000 based on the issue of 4,000,000 AEM shares at $0.25. Prior to acquisition, it was noted that Kendall Resources Limited had spent approximately $5,060,176 in developing the project.

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

Note 15. Intangibles

	Consolidated	
	31 December, 2021	31 December, 2020
Intangibles assets	**$**	**$**
Trade Name & Domain Name	20,835	6,543
Patents, at cost	374,740	357,134
Less: accumulated amortisation	(34,270)	(4,668)
	361,305	**359,009**

During the year ended 31 December 2021, all the Company patents were renewed, and maintenance fees of $56,961 (6 months of 2020 - $37,524) were paid. The Company also undertook an IP “health check” in 2021 with the company Keltie from UK and all patents were found to be in good standing.

RECOGNITION & MEASUREMENT

Patents are definite life intangible assets and are carried at historical cost less accumulated depreciation and any impairment losses recognized, if any. Cost generally consists of patent application costs. Amortization, calculated using the straight-line method, is based on the estimated useful life of a patent which does not exceed twenty years from its date of issuance. The amortization period and the amortization method are reviewed annually and adjusted prospectively, if appropriate.

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

Trade Name and Domain Name are indefinite life intangible assets carried at historical cost. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired.

Note 16. Trade and other payables

	Consolidated	
	31 December, 2021	31 December, 2020
Current	**$**	**$**
Trade Payables and accruals	1,228,310	680,797
	1,228,310	**680,797**

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

Note 17. Other liabilities

		Consolidated	
		31 December, 2021	31 December, 2020
Current		**$**	**$**
AEMIG shareholder loan	a	4,790,029	768,705
Cleveland Investment Global Limited loan	b	355,361	-
		5,145,390	**768,705**
Non-Current			
Shareholder convertible loan	c	1,820,836	-
Zero Coupon Notes	d	4,083,837	3,766,283
		5,904,673	**3,766,283**

(a) *AEMIG shareholder loan*

As of 31 December 2021, US$3,480,000 was borrowed from ViVent Initiative Limited (40% shareholder of AEMIG) under the Standby Loan Facility under the Shareholder Agreement (AEMIG) dated 15 April 2020 (2020:US$455,000). The loan is non-interest bearing and repayable, prior to any distributions to shareholders, when AEMIG has sufficient liquidity.

(b) Cleveland Investment Global Limited loan

As of 31 December 2021, USD270,000 was borrowed from Cleveland Investment Global Limited ("CIG") to AUK under the Loan Agreement dated 23 July 2021 (2020:US$Nil). CIG is a related party to John Fletcher. The loan is non-interest bearing and repayable on demand.

(c) Shareholder convertible loan

In June 2021, the Company entered into Shareholder Loan Agreement with major shareholders, Begrand Resources Limited (related party to John Fletcher, Simon Fletcher and Timothy Fletcher) and Aktiengesellschaft Stoketen (related party to Hans Bohi). Key terms are as follows:

- 4.5% interest, 10% on default
- Conversion at 15 cents per share plus exercise price of 25c per share for period of 2 years.
- The loans are secured on fixed and floating charge over the assets of AEM.

Begrand Resources Limited converted the shareholders loan in full post year end. Please refer to note 2 for details.

(d) Zero-coupon notes

On 2 April 2020, as part of the acquisition of Orbite's assets, the Company issued Zero-coupon notes in an aggregate principal amount of Canadian $4.5 million to the secured creditors of the vendor. The Zero-coupon notes are non-interest bearing and shall be payable to the holders beginning with the fiscal quarter ending March 31, 2021 in an amount equal to 50% of the excess cash flow for such period but after the Company has generated on a cumulative basis C$5 million in excess cash flow. The Zero-coupon notes shall be payable over a period of 5 years after closing, following which, no further payment shall be made by the Company to the holders of the Zero-coupon notes, irrespective of the aggregate amount actually paid. The Zero-coupon note are accounted at fair-value with change in fair value recorded in Finance Cost in the statement of profit and loss and other comprehensive income and loss.

The fair value of the Zero-coupon notes was estimated using a discounted cash flow of the expected future payments, discounted using a risk-adjusted discount rate. The significant unobservable inputs consist of the timing and level of excess cash flow and the risk adjusted discount rate and was recognized as part of the total consideration paid for the acquisition of Orbite's assets. The estimated fair value would increase (decrease) if the expected cash flows were sooner (later); or the risk adjusted discount rate was lower (higher).

The table below present the change in fair value during the periods and the key assumptions used by management:

	12 months to 31 December, 2021	6 months to 31 December, 2020
Reconciliation of the carrying amount	$	$
Carrying amount opening balance	3,766,283	3,558,800
Change in fair value	58,432	220,908
Change in Foreign exchange currency ranslation	259,122	(13,425)
Carrying amount at the end of the period	4,083,837	3,766,283
Key assumptions		
Valuation technique	Discounted cash flow	Discounted cash flow
Risk-adjusted discount rate	8.6%	7.6%
Cumulative cash flows	(7,861,760)	(3,728,474)
Timing of first expected cash payment	December 2023	June 2023

Note 18. Current liabilities - employee benefits

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Employee Entitlements	158,943	128,794
Superannuation Payable	4,350	8,237
	163,293	**137,031**

RECOGNITION & MEASUREMENT

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the year. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

Employee benefits

(a) Short-term obligations

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

(b) Other long-term employee benefit obligations

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

(c) Retirement benefit obligations

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

(d) Termination benefits

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

Note 19. Deferred tax

	Consolidated	
	31 December, 2021	**31 December, 2020**
Deferred tax asset comprises temporary differences attributable to:	**$**	**$**
Unused tax losses for which no deferred tax asset has been recognized	17,232,576	7,144,666
Unused tax credits for which no deferred tax asset has been recognized	1,389,056	1,300,066
	18,621,632	8,444,732
Potential tax benefit at 30% (2020: 30%)	5,586,490	2,533,420

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

	31 December, 2021	**31 December, 2020**
Deferred tax liabilities comprises temporary differences attributable to:	**$**	**$**
Exploration and evaluation assets	5,260,265	4,917,181
Mining lease	138,038	138,038
Property tax & Equipment	3,050,568	3,501,016
	8,448,871	8,556,235
Potential deferred tax liabilities at 30% (2020: 30%)	2,534,661	2,566,871

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

Note 20. Issued Capital

Issued and paid-up share capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	125,206,917	87,746,388	15,094,276	9,439,206

Movement in ordinary shares

Details	Note	Date	Shares	Issue price $	$
Balance		**1/07/2020**	**87,746,388**		**9,439,206**
Issue of shares at $0.15			5,258,004	0.15	788,701
Issue of shares at $0.18			24,401,600	0.18	4,392,288
Issue of shares at $0.25			72,000	0.25	18,000
Issue of shares on the cash exercise of options		29/03/2021	1,500,000	0.05	118,521
Issue of shares on the cash exercise of options		11/06/2021	200,000	0.25	50,000
Issue of shares on the cash exercise of options	b	18/06/2021	100,000	0.16	16,000
Issue of shares on the cashless exercise of options	a	18/06/2021	4,466,925	-	-
Issue of shares on the cashless exercise of KMP options	b	18/06/2021	1,462,000	-	271,560
Balance		**31/12/2021**	**125,206,917**		**15,094,276**

(a) In April 2021, AEM offered option holders the option to cashless exercise their options at a deemed AEM share price of $0.50. Most option holders opted for the cashless exercise option and 4,466,925 shares were issued as a result.

(b) The 2,250,000 options issued to Ms Wong's nominated holder for her 4 years of service from 1 July 2018 to 30 Jun 2022 were exercised partially in cash and partially via the cashless exercise option pursuant to the option terms (for more details, refer to note 5 to the 'Key Management Personnel (KMP) Options' section above).

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.

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

RECOGNITION & MEASUREMENT

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

Note 21. Reserves

	Consolidated	
	31 December, 2021	**31 December, 2020**
Reserves	**$**	**$**
Foreign currency translation reserve	103,623	(342,766)
Share based payment reserve	358,645	92,554
	462,268	**(250,212)**

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

	Share Based Payment Reserve	Foreign Exchange Translation reserve	Total
	$	$	$
Balance at 1 January 2021	**92,554**	**(342,766)**	**(250,212)**
Share based payment	266,091	-	266,091
Foreign currency translation	-	446,389	446,389
Balance at 31 Dec 2021	**358,645**	**103,623**	**462,268**

RECOGNITION & MEASUREMENT

Foreign currency translation reserve

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

Share based payment reserve

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

Note 22. Accumulated losses

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Accumulated losses at the beginning of the period	(4,212,368)	(1,925,335)
Losses for the period	(6,855,232)	(2,287,033)
Accumulated losses at the end of the period	**(11,067,600)**	**(4,212,368)**

Note 23. Non-controlling interest

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Issued Capital	1,304	1,304
Reserves	7,879,134	7,879,134
Accumulated losses	(5,192,722)	(1,639,769)
Non-controlling interests at the end of the financial year	**2,687,717**	**6,240,670**

The non-controlling interest has a 40% (2020: 40%) equity holding in A.E.M.I. Group Limited.

Note 24. Subsidiaries

Name of subsidiary	Country of incorporation Residence	Date of incorporation	Proportion of ownership interest	
			31/12/2021	**31/12/2020**
AEM HPA (Malaysia) Sdn Bhd	Malaysia	16/10/2018	100%	100%
AEM HPA (Australia) Pty Ltd	Australia	21/08/2018	60%	60%
A.E.M.I. Group Limited	Cyprus	20/05/2020	60%	60%
AEM Canada Group Inc	Quebec, Canada	2/03/2020	60%	60%
AEM Technologies Inc.	Quebec, Canada	19/10/2020	60%	60%
Advance Energy Minerals (UK) Limited	UK	26/07/2020	60%	60%

Note 25. Parent entity information

	Note	2021 $	2020 $
Assets			
Current assets		2,983,309	625,167
Non-current assets		6,396,324	7,246,301
Total assets		**9,379,633**	**7,871,468**
Liabilities			
Current liabilities		382,136	94,838
Non-current liabilities		1,820,836	-
Total liabilities		**2,202,972**	**94,838**
Equity			
Issued capital		15,094,276	9,439,205
Reserve		358,645	92,554
Accumulated losses		(8,276,261)	(1,755,129)
Total equity		**7,176,660**	**7,776,630**
Loss for the year		(6,521,132)	(175,583)
Other comprehensive income		-	-
Total comprehensive (loss) / income		**(6,521,132)**	**(175,583)**

Contingent liabilities

Termination of Julian Ford employment and Directorships and related litigation

Refer to the 'Significant Change in State of Affairs' section and note 32 for contingent liabilities in relation to litigation with Mr Julian Ford.

Other than the above, the parent entity had no contingent liabilities as at 31 December 2021 and 31 December 2020.

Capital commitments

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 and 31 December 2020.

RECOGNITION & MEASUREMENT

The financial information for the parent entity, Advanced Energy Minerals Limited has been prepared on the same basis as the consolidated financial statements.
No dividends were received from subsidiaries in 2021 (2020: nil).

Note 26. Key management personnel disclosures

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	12 months 31 December, 2021	6 months 31 December, 2020
	$	$
Aggregate compensation	2,170,594	808,794
	2,170,594	**808,794**

Please refer to Key Management Personnel (KMP) Remuneration section on page 11.

Note 27. Related Party disclosures

Parent entity - Advanced Energy Minerals Limited is the parent entity.
Subsidiaries - Interests in subsidiaries are set out in note 24.
Key management personnel - Disclosures relating to key management personnel are set out in note 26.
Transactions with related parties - The following transactions occurred with related parties:

		12 months 31 December, 2021	6 months 31 December, 2020
Payment for goods and services:		$	$
Payment for services from MGW Adams Ltd	a	319,533	81,000
Payment for services from FF Financial Services Ltd	b	125,916	103,305
Payment for expenses paid by Begrand Resources Ltd	c	631	132,465
Total		**446,080**	**316,770**

a) MGW Adams Ltd is a related party to Michael Adams.
b) FF Financial Services Ltd is a related party to Timothy Fletcher.
c) Begrand Resources Limited is a related party to John Fletcher, Timothy Fletcher and Simon Fletcher.

Receivable from and payable to related parties

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

		Consolidated	
		31 December, 2021	31 December, 2020
Current payables		$	$
Trade payables to directors related entities		82,769	11,916
Loans to/from related parties			
Loan from Vivent Initiatives Limited	a	4,790,029	768,705
Loan from Cleveland Investment Global Limited	b	355,361	-
Loan from Begrand Resources Limited	c	1,715,192	-
Loan from Aktiengesellschaft Stoketen	d	103,363	105,644
Total		**7,046,714**	**886,265**

(a) AEMIG shareholder loan - ViVent Initiative Limited – please refer to note 17 for details.
(b) Cleveland Investment Global Limited loan – please refer to note 17 for details.
(c) Shareholder convertible loan - Begrand Resources Limited – please refer to note 17 for details and post year-end conversion.
(d) Shareholder convertible loan - Aktiengesellschaft Stoketen – please refer to note 17 for details.

Non-recourse loan to former CEO and executive director, Mr Julian Ford

Under a Loan Agreement dated July 2017, 10,000,000 shares were issued to the Company's then-CEO and executive director, Mr Julian Ford, and paid for using $500,000 borrowed by Mr Ford from the Company. The $500,000 loan is presently on foot and fully outstanding but not anticipated to be recovered in cash and therefore is not recorded in the Company's accounts. The 10,000,000 shares are held by Mr Ford subject to the Loan Agreement which provides, among other things, that the 10,000,000 shares are security for the loan. The loan is expected to be cancelled with no net payment being made by or to the Company other than a payment of tax to the ATO. More specifically, it is expect to be cancelled against a cash bonus (of $125,000 – which will become payable by the Company to itself – plus tax, as to 2,500,000 shares) and, subject to the litigation between the Company and Mr Ford referred to in the 'Significant Change in State of Affairs' and 'Matters subsequent to balance date' sections above, a share buy-back (at a purchase price of $375,000 payable by the Company to itself in extinguishment of the loan, as to the remaining 7,500,000 shares, which will then be cancelled).

Note 28. Remuneration of auditors

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

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Audit services - HLB Mann Judd		
Audit or review of the financial statements	45,000	-
Total	**45,000**	**-**

Audit services has been provided by Schwartz Levitsky Feldman to ACG and AET after year end 2021. An amount of $27,176 will be payable during 2022.

Note 29. Contingent liabilities

Termination of Julian Ford employment and Directorships and related litigation

The Company is defending 2 proceedings brought by its former CEO and executive director, Mr Julian Ford, as to which see the 'Significant Change in State of Affairs' and 'Matters subsequent to balance date' sections above. Certain of the Company's directors and officers, namely Messrs John Fletcher, Tim Fletcher and Michael Adams and Ms Rachel Wong, are also respondents to one of the proceedings. For more details on the litigation, please see the 'Significant Change in State of Affairs' and note 32.

Zero-coupon notes

Please refer to note 17(c) for information on Zero-coupon notes, which is contingent to availability of surplus cash prior to the expiring date.

Other than the above, the parent entity had no contingent liabilities as at 31 December 2021 and 31 December 2020.

Note 30. Commitments

(a) Operating lease commitments

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Within one year	217,406	208,750
After one year but no more than five years	-	-
Total minimun lease payments	**217,406**	**208,750**

The group leases office space and a laboratory space. The leases contracts are short-term in nature and are renegotiated on a yearly basis. All leases expired within one year. The group also lease IT equipment. These are leases of low-value items. The group has elected to not recognise right-of-use assets and lease liabilities for these leases.

(b) Exploration commitments

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Within one year	-	-
After one year but no more than five years	644,276	738,544
	644,276	**738,544**

With respect to the Group's exploration tenements in Cape York, the Group submits budgeted exploration expenditure as part of the licence application and renewal requirements. In assessing subsequent renewal applications, the mining authorities review actual expenditure against budgets previously submitted. These amounts do not become legal obligations of the Group and actual expenditure does vary depending on the outcome of the actual activities.

Exploration Permit Mineral leases (EPM's), Mining Development Leases (MDL's) and Mining Leases (ML's) are granted on conditions of the responsible company meeting certain expenditure and performance conditions. The period of renewal for MDL469 is until 1 December 2023.

Other than described above, the Company does not have any contingent liabilities as at the reporting date.

Note 31. Share-based payments

On 7 July 2017, 8,000,000 performance options were issued to key management personnel at an exercise price of $0.05 per share.

On 20 February 2021, 4,500,000 performance options and 2,250,000 vested options were issued to key management personnel at an exercise price of $0.15 and $0.16 per share respectively under a share option plan established by the Company and approved by directors at a board meeting, whereby the company may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options granted:

2021						
Grant date	Expiry date	Exercise Price $	Balance at the start of the period	Granted	Expired/ forfeited/ other	Balance at the end of the period
07-Jul-17	31-Dec-22	**0.05**	6,000,000	-	(500,000)	4,000,000
20-Feb-21	20-Feb-23	**0.15**	-	4,500,000	-	4,500,000
20-Feb-21	20-Feb-23	**0.16**	-	2,250,000	-	-
			6,000,000	6,750,000	(500,000)	8,500,000
Weighted average exercise price $			**0.13**	**0.15**	**0.05**	**0.10**

2020						
Grant date	Expiry date	Exercise Price	Balance at the start of the period	Granted	Expired/ forfeited/ other	Balance at the end of the period
07-Jul-17	31-Dec-22	**0.05**	6,000,000	-	-	6,000,000
			6,000,000	-	-	6,000,000
Weighted average exercise price $			**0.05**	**-**	**-**	**0.05**

Set out below are the options balance at the end of the financial year:

Grant date	Expiry date	2021 number	2020 number
07-Jul-17	31-Dec-22	8,500,000	6,000,000

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk free interest rate	Fair value at grant date
20-Feb-21	20-Feb-23	**0.15**	**0.15**	**112.05%**	**0.12%**	**$ 0.086**
20-Feb-21	20-Feb-23	**0.15**	**0.16**	**112.05%**	**0.28%**	**$ 0.084**

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

	Consolidated	
	31 December, 2021	31 December, 2020
	$	$
Opening balance	92,554	92,554
Issue of 4.5million $0.15 options to MGW Adams Ltd	266,091	-
Balance at 31 December	**358,645**	**92,554**

Note 32. Events after the reporting period

On 1 January 2022, John Fletcher stepped down as Chairman. Richard Seville was appointed as Executive Chairperson for the Group (John Fletcher remains as an AEM Director). As part of his remuneration, Richard Seville was granted 5,000,000 incentive options exercisable at $0.18 expiring on 31 December 2024.

Since 31 December 2021, in the Julian Ford litigation before the Federal Court of Australia (as to which, see the 'Significant Change in State of Affairs' section above), the parties have completed pleading (or filing concise statements regarding) their respective cases, the Court has made orders that the 2 proceedings be heard together and the evidence in each be the evidence in the other (saving all just exceptions) and the parties have given discovery.

On 4 January 2022, AEM received A$2,150,000 of subscription funds for 11,944,444 shares subscribed at $0.18 and issued on 31 December 2021.

Steven Petersohn was appointed as Executive Director (Finance) from 21 April 2022.

Rachel Girard was appointed Group CFO in April 2021. Rachel Wong continued her Company Secretary role after stepping down as CFO.

The Tranche A (1,500,000 options) granted to Michael Adams vested subsequent to the year-end after the successful application of UK Government grant and full claim received by AUK. On May 12, 2022, AUK received the final tranche of its feasibility study from the ATF for an amount of £447,069 - A$789,968.

In June and July 2022, an additional US$437,585 (A$624,087) was borrowed from ViVent Initiative Limited under the Standby Loan Facility under the Shareholder Agreement (AEMIG) dated 15 April 2020 (2020:US$455,000). The loan is non-interest bearing and repayable, prior to any distributions to shareholders, when AEMIG has sufficient liquidity.

On 13 July 2022, Begrand Resources Limited converted the shareholders loan balance of $1,755,468 ($1,688,258 principal and $67,210 interest) by receiving 11,641,458 shares (at $0.15 agreed conversion price), 11,641,458 options (exercisable within 2 years, at $0.25 exercise price), and a net cash repayment of $2,528 for interest component post 30 June 2022. On 30 June 2022, the Directors resolved to proceed with a A$4.2m capital raising at $0.20 to sophisticated investors for working capital.

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

Directors' Declaration

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

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Group will be able to meet any obligations or liabilities to which they are or may become due and payable.

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

On behalf of the Board of Directors

Richard Seville
Chairperson

29 July 2022

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Advanced Energy Minerals Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia	**N G Neill**
29 July 2022	**Partner**

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Advanced Energy Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, 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 statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards – Simplified Disclosure Requirements 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

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

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
29 July 2022

Additional Information

ADVANCED ENERGY MINERALS LIMITED **ORDINARY FULLY PAID SHARES (Total)**

Top Holders (Grouped) As Of 7/29/2022 **Composition : ORD**

Rank	Name	Units	% Units
1	BEGRAND RESOURCES LTD	47,666,482	34.19
2	PREMIER WATERPROOFING PTY LTD	14,266,771	10.23
3	JULIAN FORD	10,300,000	7.39
4	RICHARD SEVILLE AND ASSOCIATES PTY LTD <THE SEVILLE SUPER FUND A/C>	10,000,000	7.17
5	KENDALL RIVER STATION PTY LTD	7,400,000	5.31
6	KENDALL RESOURCES LTD	4,000,000	2.87
7	STEVEN PETRSOHN	3,582,439	2.57
8	TIMOTHY FLETCHER	3,500,000	2.51
9	AKTIENGESELLSCHAFT STOKETEN (HB)\C	3,408,663	2.44
10	MFJ HOLDINGS LTD	3,099,204	2.22
11	WATERFORD ATLANTIC PTY LTD <JAMES MCKAY A/C>	2,217,629	1.59
12	CLEVELAND INVESTMENT GLOBAL LIMITED	2,138,608	1.53
13	RENU BHATIA	2,000,001	1.43
14	MR JOSEPH THOMAS SIMONE	1,944,444	1.39
15	DANIEL PLANE	1,722,222	1.24
16	ELIZABETH LAI	1,562,000	1.12
17	OMICRON HOLDINGS PTY LTD	1,500,000	1.08
17	SIMON JOHN RUCKERT + CLARE PIK YIU CHAN	1,500,000	1.08
19	MPF EXPLORATION PTY LTD	1,437,875	1.03
20	YVON CHOI	1,355,556	0.97
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**124,601,894**	**89.36**
Total Remaining Holders Balance		**14,832,525**	**10.64**

The following relevant interests in shares and performance rights of the Company were held directly and beneficially by the directors as at the date of this report:

	Note	Fully paid ordinary shares	Options	Performance rights - vested	Performance rights - unvested	Performance rights - expired
Non-Executive Directors						
Gregory Baker	a	1,500,000	-	-	-	-
Hans Bohi	b	10,208,663	332,974	-	-	-
John Fletcher	c	49,805,090	11,641,458	-	-	-
Executive Directors						
Richard Seville	d	10,245,334	-	5,000,000	-	-
Michael Adams	e	954,556	-	1,500,000	3,000,000	-
Tim Fletcher	c	3,500,000	-	-	4,000,000	-
Steven Petersohn	f	5,582,440	-	-	-	-
Peter Thomson	g	176,458	-	-	-	-

(a) Gregory Baker is a shareholder of Omicron Holdings Pty Ltd.
(b) Hans Bohi a shareholder of Kendall River Station Pty Ltd and Aktiengesellschaft Stoketen.
(c) John Fletcher, Tim Fletcher, Simon Fletcher, Begrand Resourced Limited and Cleveland Investment Global Limited.
(d) Richard Seville was appointed on 1 January 2022. He is a shareholder of Richard Seville and Associates Pty Ltd and Ockleston Nominees Pty Ltd.
(e) Michael Adams is associated with MGW Adams Limited.
(f) Steven Petersohn was appointed as Director on 21 April 2022. Shares are held by Mr Petersohn and his spouse.
(g) Peter Thomson is s shareholder of Tewa Pty Ltd