



ABN 61 125 368 658

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2021**

CONTENTS

Directors' Report	3
Auditor's Independence Declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12
Directors' Declaration	22
Independent Auditor's Review Report	23

DIRECTORS' REPORT

The Directors of Queensland Pacific Metals Limited ("QPM" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Queensland Pacific Metals Limited and its controlled entities for the half-year ended 31 December 2021 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2021 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

1. DIRECTORS

The names of the Company's Directors who held office during the Period and until the date of this report are set out below. The Directors were in office for this entire Period unless otherwise stated.

Director	Position	Duration of Appointment
Stephen Grocott	Managing Director	1 April 2021 (current)
John Downie	Executive Director	17 May 2019 (current)
Eddie King	Non- Executive Director	26 March 2018 (current) (Non-Executive Chairman until 24 September 2021)
Cameron Mclean	Non- Executive Director	30 November 2018 – 24 September 2021
Jim Simpson	Non-Executive Director	1 May 2021 (current)
Sharna Glover	Non-Executive Director	24 September 2021 (current)
John Abbott	Non-Executive Chairman	24 September 2021 (current)

2. REVIEW OF OPERATIONS AND ACTIVITIES

Townsville Energy Chemicals Hub ("TECH Project")

During the half year, QPM made significant progress on the TECH Project.

Sustainability Life Cycle Assessment

QPM commissioned industry leading consulting group Minviro to undertake an ISO-compliant Life Cycle Assessment ("LCA") for the TECH Project. The LCA calculates carbon emissions for the TECH Project and adopted a "cradle to gate" approach that is fully compliant with ISO 14040/44 ISO Life Cycle Analysis Standards. This means that Minviro assessed carbon emissions from the point of natural resource extraction through to the customer delivery point of final product.

The key conclusion of the LCA was that the TECH Project would be net carbon negative. Due to QPM's planned waste gas sourcing strategy, at steady state operation the TECH Project would actually reduce Australia's greenhouse gas emissions by a minimum of 238,000 tonnes CO₂-equivalent per annum. This is the same level of emissions generated each year by approximately 52,000 typical passenger vehicles.

The net carbon negative, combined with no requirement for a tailings dam, and zero liquids discharge, will make the TECH Project boast global leading sustainability credentials for critical metal production.

DIRECTORS' REPORT (CONTINUED)

2. REVIEW OF OPERATIONS AND ACTIVITIES (CONTINUED)

Definitive Feasibility Study (“DFS”)

QPM and its lead engineer Hatch progressed the DFS during the Period. The initial focus of the DFS has been to optimise the processing flowsheet with the focus on minimising technical risk, capital expenditure and operating cost. As part of these activities, QPM has identified key vendors for critical sections of the processing plant and started detailed engagement with these vendors (including Joint Development Agreements with some of them). QPM's strategy is to undertake any requisite testwork and detailed engineering with these vendors to minimise scale up risk and ensure the right commercial scale equipment is being selected.

QPM expects the DFS to be completed mid 2022 calendar year.

High Purity Alumina (“HPA”) License Heads of Agreement

During the Period, QPM entered into a Heads of Agreement with Lava Blue for use of their proprietary HPA technology at the TECH Project. Lava Blue will play a role with QPM in the HPA section of its DFS. Workstreams include testwork, piloting and direct support to engineers. QPM has also appointed Stantec to undertake the HPA DFS and their work will ultimately feed into the final DFS being undertaken by Hatch.

Cultural Heritage, Regulatory Approvals and Prescribed Project Status

In September 2021, QPM was awarded Prescribed Project status by the Queensland State Government. A Prescribed Project is one which is of significance, particularly economically or socially, to Queensland. Importantly, a Prescribed Project declaration grants the Coordinator-General the power, if necessary, to intervene in state and local government approval processes to ensure timely decision making.

Key activities undertaken in the Period in order to receive regulatory approvals required to construct the TECH Project included:

- Completion of Cultural Heritage surveys of the TECH Project site at Lansdown with Traditional Owners, the Bindal People;
- Submission of a Development Application required under State legislation; and
- Submission of Environment Protection and Biodiversity Conservation referral document required under Federal legislation.

QPM remains confident of securing approvals ahead of completing the DFS.

Project Funding

QPM appointed KPMG to provide debt advisory services for the TECH Project. Key advancements on securing debt finance were made during the Period include:

- Completing the Strategic Assessment phase of the Northern Australian Infrastructure Facility funding pathway and proceeding through the Due Diligence phase;
- Receiving non-binding conditional finance support from Export Finance Australia (EFA) to secure up to A\$ 250 million of debt funding for the TECH Project; and
- Receiving multiple letters of interest from leading commercial banks and eligibility letters from Development Finance Institutions for the provision of project finance.

QPM will continue the debt funding initiatives in parallel with completion of the DFS.

DIRECTORS' REPORT (CONTINUED)

2. REVIEW OF OPERATIONS AND ACTIVITIES (CONTINUED)

Corporate

Following the receipt of shareholder approval on 13 July 2021, the Company issued 99,235,899 shares to LG Energy Solutions Ltd and 42,529,667 shares to POSCO GEM 1st Fund on 2 August 2021. A combined investment of USD15 million was received.

On 24 September 2021, John Abbott was appointed as Independent Non-Executive Chair of QPM and Dr Sharna Glover as an Independent Non-Executive Director. These two Queensland-based directors bring extensive domestic and international experience in the design, construction and management of large mining, mineral processing and manufacturing projects including process and design improvement to maximise operating efficiencies.

As part of these appointments, Eddie King transitioned from Non-Executive Chairman to Independent Non-Executive Director and Cameron McLean resigned as an Independent Non-Executive Director of the Company.

In December 2021, the company raised \$30 million (before costs) via a share placement of 187,500,000 million fully paid ordinary shares at an issue price of A\$0.16 per share ("Placement").

On 15 December 2021, the Company announced it has received conditional finance support from Export Finance Australia (EFA) to secure up to A\$ 250 million of debt funding for the TECH Project planned to be developed in Townsville, Northern Queensland. The next step in obtaining finance involves further due diligence by EFA.

3. FINANCIAL RESULTS

The financial results of the Company for the half-year ended 31 December 2021 are:

	31-Dec-21	30-Jun-21
Cash and cash equivalents (\$)	47,133,554	17,745,422
Net assets (\$)	47,626,974	15,873,456
	31-Dec-21	31-Dec-20
Net loss after tax (\$)	(16,317,086)	(1,382,074)
Loss per share (cents)	(1.22)	(0.18)

4. SUBSEQUENT EVENTS

On 18 January 2022, it was announced on the ASX that the first 4N HPA was produced from QPM's aluminium chloride which in turn was produced from QPM's pilot plant aluminium hydroxide. This provides QPM with the confidence to proceed with further test work and the HPA section of the definitive feasibility study for the TECH Project.

On 1 March 2022, it was announced on the ASX that a binding ore supply agreement was entered into with Societe Le Nickel, a subsidiary of Eramet, Group, for up to 1,000,000 wmt per annum and targeting a typical high grade limonite ore specification of 1.6% Ni and 0.18% Co. The agreement is for a five year term with a five year extension, subject to mutual agreement.

DIRECTORS' REPORT (CONTINUED)

4. SUBSEQUENT EVENTS CONTINUED

There has not been any other matter, or circumstance, that has arisen since the half-year ended 31 December 2021, that has 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.

5. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors.



Stephen Grocott
Managing Director
15 March 2022

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF QUEENSLAND PACIFIC METALS LIMITED

As lead auditor of for the review of Queensland Pacific Metals Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Queensland Pacific Metals Limited and the entities it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 15 March 2022

QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21	31-Dec-20
		\$	\$
Other Income	2	2,454,066	2,208,392
TECH Project expenses	3	(15,522,498)	(2,739,261)
Consulting and legal fees		(398,494)	(82,543)
Compliance and regulatory expenses		(300,463)	(99,660)
Director fees		(403,612)	(124,845)
Employee benefits	3	(1,778,880)	(114,153)
Professional fees		(173,975)	(228,755)
Office and administrative expenses		(217,264)	(21,514)
Other expenses		(407,796)	(52,040)
Share based payment expenses	8	(823,218)	(105,000)
Foreign exchange gain/ (loss)		1,327,171	-
Finance expense		(18,023)	(719)
Depreciation and amortisation		(54,100)	(21,976)
Loss before income tax for the half-year		(16,317,086)	(1,382,074)
Income tax expense		-	-
Loss after income tax for the half-year		(16,317,086)	(1,382,074)
 Total comprehensive loss for the half-year attributable to members of Queensland Pacific Metals Limited		 (16,317,086)	 (1,382,074)
 Basic and diluted loss per share	 10	 (1.22)	 (0.18)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31-Dec-21 \$	30-Jun-21 \$
ASSETS			
Current Assets			
Cash and cash equivalents		47,133,554	17,745,422
Other receivables	4	1,180,006	446,708
Total Current Assets		48,313,560	18,192,130
Non-Current Assets			
Exploration and evaluation expenditure	7	1,241,888	1,160,346
Plant and equipment		268,929	85,053
Right of use asset		348,407	372,744
Total Non-Current Assets		1,859,224	1,618,143
TOTAL ASSETS		50,172,784	19,810,273
LIABILITIES			
Current Liabilities			
Trade and other payables	5	1,992,139	2,535,650
Employee entitlements		186,851	16,728
Borrowings	6	-	1,000,000
Lease liabilities		66,320	63,936
Total Current Liabilities		2,245,310	3,616,314
Non-Current Liabilities			
Lease liabilities		300,500	320,503
Total Non-Current Liabilities		300,500	320,503
TOTAL LIABILITIES		2,545,810	3,936,817
NET ASSETS		47,626,974	15,873,456
EQUITY			
Issued capital	9	85,756,091	38,508,705
Reserves		7,401,686	6,578,468
Accumulated losses		(45,530,803)	(29,213,717)
TOTAL EQUITY		47,626,974	15,873,456

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued Capital \$	Share-base payment Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2021	38,508,705	6,578,468	(29,213,717)	15,873,456
Loss for the period	-	-	(16,317,086)	(16,317,086)
Total comprehensive loss for the half-year after tax	-	-	(16,317,086)	(16,317,086)
Transactions with owners in their capacity as owners				
Share placement	49,347,312	-	-	49,347,312
Capital raising costs	(2,459,926)	-	-	(2,459,926)
Share-based payments	-	823,218	-	823,218
Conversion of unlisted options	360,000	-	-	360,000
Balance at 31 December 2021	85,756,091	7,401,686	(45,530,803)	47,626,974
At 1 July 2020	14,640,840	3,995,047	(17,714,181)	921,706
Loss for the period	-	-	(1,382,074)	(1,382,074)
Total comprehensive loss for the half-year after tax	-	-	(1,382,074)	(1,382,074)
Transactions with owners in their capacity as owners				
Shares issued for services performed	20,623	-	-	20,623
Share-based payment expense	(279,013)	384,013	-	105,000
Share placement	4,113,455	-	-	4,113,455
Balance at 31 December 2020	18,495,905	4,379,060	(19,096,255)	3,778,710

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	31-Dec-21	31-Dec-20
	\$	\$
Cash flows used in operating activities		
Payment to suppliers and employees	(3,050,178)	(915,811)
Interest received	755	1,937
R&D tax offset and GST refund received	2,206,967	670,655
Grant income received	246,344	484,248
Interest paid	(70,420)	(719)
Payment for costs relating to the TECH Project	(16,404,595)	(1,893,535)
Net cash outflows used in operating activities	(17,071,127)	(1,653,225)
Cash flows from investing activities		
Payments for property and equipment	(213,639)	-
Payment of exploration activities capitalised	(81,542)	(39,239)
Net cash outflows used in investing activities	(295,181)	(39,239)
Cash flows from financing activities		
Proceeds from the issue of shares	49,347,312	4,400,000
Share issue costs	(2,459,964)	(286,545)
Proceeds from the exercise of options	360,000	-
Receipt from borrowings	-	222,241
Repayment of borrowings	(1,000,000)	(632,214)
Repayment of leases	(17,619)	(14,619)
Net cash inflows provided by financing activities	46,229,729	3,688,863
Net increase in cash and cash equivalents	28,863,421	1,996,399
Cash and cash equivalents at the beginning of the half-year	17,745,422	1,556,678
Effect of movement in exchange rates on cash held	524,711	-
Cash and cash equivalents at the end of the half-year	47,133,554	3,553,077

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Queensland Pacific Metals Limited ("the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2021, together with any public announcements made during the following half-year.

Significant accounting judgments and key estimates

The preparation of the interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

Going Concern

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

New Accounting Standards

The consolidated entity has adopted all the new or amended Accounting Standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been adopted.

NOTE 2: OTHER INCOME

The following administration expense items are relevant in explaining the financial performance for the interim period:

	31-Dec-21	31-Dec-20
	\$	\$
Interest income	755	1,937
R&D tax offset	2,206,967	670,655
Grant income	246,344	1,535,800
	2,454,066	2,208,392

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 3: EXPENSES

	31-Dec-21 \$	31-Dec-20 \$
TECH Expenditure		
Research & development	1,786,372	2,691,618
Definitive feasibility studies	13,157,627	45,455
Other TECH related expenses	578,499	2,188
	15,522,498	2,739,261
Employee Benefits		
Salaries and wages	1,617,590	104,249
Superannuation	161,290	9,904
	1,778,880	114,153

NOTE 4: CURRENT ASSETS – OTHER RECEIVABLES

	31-Dec-21 \$	30 Jun-21 \$
GST and other receivables	1,063,951	346,341
Prepayments and deposits	116,055	100,367
	1,180,006	446,708

NOTE 5: OTHER PAYABLES

	31-Dec-21 \$	30 Jun-21 \$
Trade payables	1,317,939	1,711,790
Accrued expenses	455,096	503,983
Other payables	219,104	319,877
	1,992,139	2,535,650

NOTE 6: BORROWINGS

	31-Dec-21 \$	30 Jun-21 \$
Current		
R&D tax prepayment loan	-	1,000,000
	-	1,000,000

The facility entered into in February 2021, with an interest rate of 12.5% per annum, was fully repaid from the funds received for the 2021 R&D tax offset in November 2021.

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 7: EXPLORATION & EVALUATION EXPENDITURE

	31-Dec-21 \$	30 Jun-21 \$
Opening Balance	1,160,346	1,077,967
Expenditure capitalised during period	81,542	82,379
Impairment of capitalised expenditure	-	-
	1,241,888	1,160,346

NOTE 8: SHARE-BASED PAYMENTS

	31-Dec-21 \$	31-Dec-20 \$
(a) Recognised share-based payments		
Director options ⁽ⁱ⁾	243,230	-
Performance rights – Milestone 6 ⁽ⁱⁱ⁾	570,000	-
Performance rights – Software Implementation ⁽ⁱⁱⁱ⁾	9,988	-
Lead manager options ^(iv)	-	279,013
Performance rights – Milestone 1 ^(v)	-	105,000
	823,218	384,013

(i) Director options

During the period, 1 million options were granted to each of the newly appointed directors, Sharna Glover and John Abbott. The options are exercisable at \$0.275 and expire on 23 November 2024. The total estimated value of the options issued was \$243,230 and has been recognised as a share-based payment expense in the statement of profit or loss. A Black-Scholes valuation model and the following inputs were used to estimate the value per option.

Grant Date	23/11/2021
Expected volatility	106.90%
Dividend yield	0%
Risk free rate	0.19%
Value per option	\$0.073

(ii) Performance rights – Milestone 6

During the period, management assessed it was highly likely that milestone 6 would be met by 31 August 2022. An amount of \$570,000 for the milestone 6 performance rights has been recognised in the share-based payment reserve and statement of profit or loss. \$450,000 of the expense relates to rights granted to key management personnel.

Milestone	Date	No of Performance Rights
(Milestone 6): Obtain all regulatory approvals required to build the TECH Project.	On or before 15 May 22	13,550,000
	16 May 22 to 31 Aug 22	9,250,000
	1 Sep 22 to 30 Nov 22	4,950,000

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 8: SHARE-BASED PAYMENTS CONTINUED

(iii) Performance rights – Software Implementation

During the period milestone performance rights were granted to employees for the completion of a software implementation. At the end of the period, management assessed it is highly likely that each of the 3 milestones would be met by the first performance deadline. Accordingly, an expense for the 61,364 performance rights, of \$9,988 has been recognised in the statement of profit or loss and a corresponding movement in the share-based payment reserve.

Milestone	Date	No of Performance Rights
Completion of Software implementation (Phase 1)	On or before 31 Jan 22	50,000
	1 Feb 22 to 28 Feb 22	41,667
	1 Mar 22 to 31 Mar 22	33,333
Completion of Software implementation (Phase 2)	On or before 1 Aug 22	5,682
	1 Sep 22 to 1 Oct 22	4,545
	Ongoing	3,409
Completion of Software implementation (Phase 3)	On or before 31 Mar 22	5,682
	1 Apr 22 to 30 Apr 22	4,545
	Ongoing	3,409

(iv) Lead manager options

On 2 December 2020, the Company issued 10,000,000 options to the lead managers of the placements which occurred during the period. The options are exercisable at \$0.03 and expire on or before 25 September 2023. The total value of the options issued was \$279,013 and was recognised in capital raising costs.

(v) Performance rights – Milestone 1

As announced to the ASX on 15 October 2020, the Company entered into a non-binding memorandum of understanding with LG Chem, Ltd. for the supply of nickel and cobalt from the TECH Project. The fair value of the 2,500,000 Performance Rights which immediately vested on this date as a result of Milestone 1 being satisfied was \$0.042. The details of the milestone were as follows.

Milestone	No. Performance Rights
(Milestone 1): The Company enters into a Memorandum of Understanding (whether legally binding or not) with a potential customer regarding nickel sulphate offtake for the TECH Project which is required to be announced by the Company on the ASX.	2,500,000

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 8: SHARE-BASED PAYMENTS CONTINUED

(b) Summary of options

Options	Grant Date	Date of Expiry	Exercise Price	Balance at the start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at the end of the period
Previous directors ⁽ⁱ⁾	30/11/2017	21/12/2022	0.03	20,600,000	-	(12,000,000)	-	8,600,000
Directors ⁽ⁱ⁾	1/5/2019	21/05/2022	0.03	12,000,000	-	-	-	12,000,000
Advisors	1/5/2019	21/05/2022	0.03	8,000,000	-	-	-	8,000,000
Advisors	2/12/2020	25/09/2023	0.03	10,000,000	-	-	-	10,000,000
Corporate advisor	21/2/2021	2/08/2023	0.116	21,000,000	-	-	-	21,000,000
Director	1/5/2021	2/08/2024	0.15	1,000,000	-	-	-	1,000,000
Director	23/11/2021	24/11/2024	0.275	-	2,000,000	-	-	2,000,000
Total				72,600,000	2,000,000	(12,000,000)	-	62,600,000
Vested and exercisable								62,600,000

(i) Options held by directors who were previously members of the QPM board and resigned during 2019FY or earlier.

(c) Summary of performance rights/ shares

Milestone	Completion Date	Opening	Granted during the period	Lapsed	Closing	Vested/ exercisable
(Milestone 1): The Company enters into a Memorandum of Understanding (whether legally binding or not) with a potential customer regarding nickel sulphate offtake for the TECH Project which is required to be announced by the Company on the ASX	n/a	3,750,000	-	-	3,750,000	3,750,000
(Milestone 2): The Company enters into a legally binding offtake agreements for at least 35% of the forecast nickel sulphate production for the first ≥ 5 years of TECH Project.	n/a	7,500,000	-	-	7,500,000	7,500,000
(Milestone 3): The Company enters into a legally binding offtake agreements for at least 35% of the forecast cobalt sulphate production for the first ≥ 5 years of TECH Project.	n/a	2,250,000	-	-	2,250,000	2,250,000
(Milestone 4): The Company enters into a legally binding offtake agreements for at least 35% of the forecast combined value of the iron oxide, high purity alumina and magnesia production for the first ≥ 3 years of TECH Project.	n/a	3,000,000	-	-	3,000,000	-
(Milestone 5): Completion of a finalised, signed off Bankable or Definitive Feasibility Study (DFS) for the TECH Project.	16 May 21 to 31 Dec 21	7,500,000	-	3,250,000	4,250,000	-
	1 Jan 22 to 30 Jun 22	3,750,000	500,000	-		-

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 8: SHARE-BASED PAYMENTS CONTINUED

(c) Summary of performance rights/ shares continued

Milestone	Completion Date	Opening	Granted during the period	Lapsed	Closing	Vested/ exercisable
(Milestone 6): Obtain all regulatory approvals required to build the TECH Project.	On or before 15 May 22	11,250,000	2,300,000	-	13,550,000	-
	16 May 22 to 31 Aug 22	7,500,000	1,750,000	-		-
	1 Sep 22 to 30 Nov 22	3,750,000	1,200,000	-		-
(Milestone 7): The Board of the Company reaches a Final Investment Decision (FID) to proceed with the construction of the TECH Project.	On or before 15 Nov 22	18,750,000	7,411,364	-	26,161,364	-
	16 Nov 22 to 31 May 23	15,000,000	5,817,425	-		-
	1 June 23 to 30 Nov 23	7,500,000	4,223,484	-		-
Completion of DFS	On or before 31 Dec 21	-	3,050,000	533,333	2,516,667	-
	On or before 31 Mar 22	-	2,516,667	-		-
	On or before 30 Jun 22	-	1,983,333	-		-
Completion of Software implementation (Phase 1)	On or before 31 Jan 22	-	50,000	-	50,000	-
	1 Feb 22 to 28 Feb 22	-	41,667	-		-
	1 Mar 22 to 31 Mar 22	-	33,333	-		-
Completion of Software implementation (Phase 2)	On or before 1 Aug 22	-	5,682	-	5,682	-
	1 Sep 22 to 1 Oct 22	-	4,545	-		-
	Ongoing	-	3,409	-		-
Completion of Software implementation (Phase 3)	On or before 31 Mar 22	-	5,682	-	5,682	-
	1 Apr 22 to 30 Apr 22	-	4,545	-		-
	Ongoing	-	3,409	-		-
Signing of ore supply agreements	11 Oct to 31 Oct 21	-	130,000	30,000	70,000	-
	1 Nov to 31 Dec 2021	-	100,000	30,000		-
	Ongoing	-	70,000	-		-
Export approvals for > 1.5M wtpa granted	11 Oct to 31 Oct 21	-	140,000	30,000	110,000	-
	1 Dec 21 to 31 Jan 22	-	110,000	-		-
	1 Feb 2022 to 31 Mar 22	-	80,000	-		-
Commercial agreement relating to increasing security of ore supply	On or before 31 Jan 22	-	130,000	-	130,000	-
	1 Feb 22 to 31 Mar 22	-	100,000	-		-
	Ongoing	-	70,000	-		-
FID to build the TECH Project	Ongoing	-	6,000,000	-	6,000,000	-
Successful equity capital raising in connection with achieving FID to build the TECH Project	Ongoing	-	2,500,000	-	2,500,000	-
Successful completion of contractual close for debt facilities in connection with the TECH Project	Ongoing	-	3,500,000	-	3,500,000	-

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 8: SHARE-BASED PAYMENTS CONTINUED

Share-Based Payments Reserve

The movement in the reserve during the period is due to the options and milestone performance rights recognised in the financial statements during the period. Refer to the breakdown in the share-based payments table at the start of this note.

NOTE 9: ISSUED CAPITAL

	31-Dec-21 \$	30 Jun-21 \$
Issued and paid up Capital		
(a) 922,447,575 Ordinary Shares Fully Paid (June 2021: 1,201,847,575)	85,756,091	38,508,705
(b) Movement reconciliation	Number	\$
At 30 June 2020	628,171,793	14,640,840
Shares issued in lieu of services provided [^]	942,448	20,623
Placement of shares (net of costs)	293,333,334	3,834,442
Share purchase plan (net of costs)	250,000,000	19,130,800
Conversion of unlisted options	29,400,000	882,000
At 30 June 2021	1,201,847,575	38,508,705
August 2021 share placement (net of costs)	141,765,556	18,537,386
August 2021 conversion of options	12,000,000	360,000
December 2021 share placement (net of costs)	187,500,000	28,350,000
At 31 December 2021	1,543,113,131	85,756,091

[^] Shares were issued in lieu of 30% of Steve Grocott's salary for the months of July to September 2020.

NOTE 10: EARNINGS PER SHARE

	31-Dec-21 \$	31-Dec-20 \$
Loss after income tax attributable to owners of Queensland Pacific Metals Limited	(16,317,086)	(1,382,074)
Weighted average number of ordinary shares used in calculated basic earnings per share	1,338,710,969	783,196,931
Basic earnings/(loss) per share (cents)	(1.22)	(0.18)

NOTE 11: CONTINGENCIES

Sewa Bay and QPM Tech Project Pty Ltd (formerly Queensland Pacific Metals Pty Ltd)

There has been no change to management's assessment of the Sewa Bay and QPM Tech Project Group C & Group D milestones disclosed at 30 June 2021.

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 11: CONTINGENCIES CONTINUED

Pure Manganese

Subsequent to period end, Milestone 2 was not met.

Corporate Advisory Contract

During the period, following the successful negotiations with LGES and POSCO GEM, a success fee of USD600,000 was paid to the Corporate Advisor and recognised in capital raising costs.

Milestone Performance Rights/ Shares

At the end of the period, management has applied judgement to the achievement of the following milestones (see note 8 for further details regarding milestone performance rights/ shares). While the achievement of the following milestones are possible, it is currently not probable and so no value has been ascribed to the and these will be reassessed at each period end.

Milestone	Date	Number
Signing of ore supply agreements	Ongoing	70,000
Export approvals for > 1.5M wtpa granted	1 Dec 21 to 31 Jan 22	110,000
	1 Feb 2022 to 31 Mar 22	80,000
Commercial agreement relating to increasing security of ore supply	On or before 31 Jan 22	130,000
	1 Feb 22 to 31 Mar 22	100,000
	Ongoing	70,000
Final Investment Decision to build the TECH Project	Ongoing	6,000,000
Successful equity capital raising in connection with achieving a Final Investment Decision to build the TECH Project	Ongoing	2,500,000
Successful completion of contractual close for debt facilities in connection with the TECH Project	Ongoing	3,500,000
(Milestone 4): The Company enters into a legally binding offtake agreements for at least 35% of the forecast combined value of the iron oxide, high purity alumina and magnesia production for the first ≥ 3 years of TECH Project.	Ongoing	3,000,000
(Milestone 5): Completion of a finalised, signed off Bankable or Definitive Feasibility Study for the TECH Project.	1 Jan 22 to 30 Jun 22	4,250,000
(Milestone 7): The Board of the Company reaches a Final Investment Decision to proceed with the construction of the TECH Project.	On or before 15 Nov 22	26,161,364
	16 Nov 22 to 31 May 23	20,817,425
	1 June 23 to 30 Nov 23	11,723,484
Completion of Definitive Feasibility Study (DFS)	On or before 31 Mar 22	2,516,667
	On or before 30 Jun 22	1,983,333

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 12: SEGMENT INFORMATION

The Group operates two reportable segments being predominately in the area of mineral exploration in Western Australia and the TECH project in Queensland. Results of the two segments are analysed by the chief operating decision maker, this being the Board of Directors. Consequently, revenue, profit, net assets and total assets for the operating segments are reflected in this financial report.

	Corporate	Exploration	TECH Project	Total
31 December 2021				
Other income	755	-	2,453,311	2,454,066
Net foreign exchange gain	1,327,171	-	-	1,327,171
Share-based payment expense	(823,218)	-	-	(823,218)
Result (loss)	(2,897,440)	-	(13,419,646)	(16,317,086)
31 December 2020				
Other income	1,800	-	2,206,592	2,208,392
Share-based payment expense	(105,000)	-	-	(105,000)
Result (loss)	(236,261)	-	(1,145,813)	(1,382,074)
31 December 2021				
Total assets	45,168,744	1,241,888	3,762,152	50,172,784
Total liabilities	(989,098)	-	(1,556,712)	(2,545,810)
30 June 2021				
Total assets	18,168,677	1,160,346	481,250	19,810,273
Total liabilities	(851,822)	-	(3,084,995)	(3,936,817)

NOTE 13: COMMITMENTS

There are no changes to commitments from 30 June 2021.

NOTE 14: RELATED PARTIES

The following changes to related parties occurred since 30 June 2021:

Appointment of John Abbott as Non-Executive Chairman, commencing 24 September 2021.

- Service Fees: \$100,000 p.a. plus super.
- 1 million options, exercisable at \$0.275 per share and expiring 1 year from date of issue.

Appointment of Sharna Glover as Non-Executive Director, commencing 24 September 2021.

- Services Fees: \$70,000 p.a. plus super.
- 1 million options, exercisable at \$0.275 per share and expiring 1 year from date of issue.

Resignation of Cameron Mclean as Non-Executive Director, effective 24 September 2021.

- Termination Fee: \$21,000

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 14: RELATED PARTIES CONTINUED

Appointment of Duane Woodbury as Chief Financial Officer, commencing 24 September 2021.

Prior to his appointment as CFO, in his capacity as a consultant to the Company, Mr Woodbury was granted the following milestone shares:

Milestone	Date	Number
Final Investment Decision (FID) to build the TECH Project	Ongoing	6,000,000
Successful equity capital raising in connection with achieving a FID to build the TECH Project	Ongoing	2,500,000
Successful completion of contractual close for debt facilities in connection with the TECH Project	Ongoing	3,500,000

Upon his commencement as an employee of the Company, Mr Woodbury was granted the following milestone performance rights:

Milestone	Date	Number
(Milestone 6): Obtain all regulatory approvals required to build the TECH Project.	On or before 15 May 22	2,000,000
	16 May 22 to 31 Aug 22	1,500,000
	1 Sep 22 to 30 Nov 22	1,000,000
(Milestone 7): The Board of the Company reaches a Final Investment Decision to proceed with the construction of the TECH Project.	On or before 15 Nov 22	4,000,000
	16 Nov 22 to 31 May 23	3,000,000
	1 June 23 to 30 Nov 23	2,000,000

During the period, \$240,000 and \$210,000 were recognised in relation to Milestone 6 performance rights (note 8) held by, respectively, Duane Woodbury and Stephen Grocott.

NOTE 15: SUBSEQUENT EVENTS

On 18 January 2022, it was announced on the ASX that the first 4N HPA was produced from QPM's aluminium chloride. This provides QPM with the confidence to proceed with further test work and the HPA section of the definitive feasibility study for the TECH Project.

On 1 March 2022, it was announced on the ASX that a binding ore supply agreement was entered into with Societe Le Nickel, a subsidiary of Eramet, Group, for up to 1,000,000 wmt per annum and targeting a typical limonite ore specification of 1.6% Ni and 0.18% Co. The agreement is for a five year term with a five year extension, subject to mutual agreement.

There has not been any other matter, or circumstance, that has arisen since the half-year ended 31 December 2021, that has 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.

QUEENSLAND PACIFIC METALS LIMITED

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

In accordance with a resolution of the directors of Queensland Pacific Metals Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 21 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Stephen Grocott
Managing Director
15 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Queensland Pacific Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Queensland Pacific Metals Limited (the Company) and its subsidiaries (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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'J Prue', is written over a faint, light blue BDO logo.

Jarrad Prue

Director

Perth, 15 March 2022