



**ABN 61 125 368 658**

**Annual Report for the Year  
Ended 30 June 2022**

# Annual Report

## For the year ended 30 June 2022

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## Corporate Directory

### Board of Directors

|                 |  |
|-----------------|--|
| John Downie     | Executive Director (appointed 17 May 2019)                         |
| Stephen Grocott | Managing Director (appointed 1 April 2021)                         |
| Eddie King      | Non-Executive Director (appointed 26 March 2018)                   |
|                 | Non-Executive Chairman (from 30 November 2018 - 24 September 2021) |
| Sharna Glover   | Non-Executive Director (appointed 24 September 2021)               |
| Jim Simpson     | Non-Executive Director (appointed 1 May 2021)                      |
| John Abbott     | Non-Executive Chairman (appointed 24 September 2021)               |

### Company Secretary

Mauro Piccini (appointed 8 November 2017)

### Registered Office

Level 17, 307 Queen St  
Brisbane QLD 4000

Telephone: +61 7 3517 5900  
Email: [info@qpmetals.com.au](mailto:info@qpmetals.com.au)  
Website: [www.qpmetals.com.au](http://www.qpmetals.com.au)

### Stock Exchange Listing

Australian Securities Exchange  
ASX Code: QPM (formerly PM1)

### Auditors

BDO Audit (WA) Pty Ltd  
Level 9 Mia Yellagonga  
Tower 2, Spring Street  
Perth WA 6000

### Solicitors

Nova Legal  
2/50 Kings Park Rd  
West Perth WA 6005

### Share Registry

Computershare  
172 St Georges Tce  
Perth WA 6000

## Directors' Report

The Directors of Queensland Pacific Metals Limited ("Queensland Pacific Metals" or "the Company") present their report, together with the financial statements of the consolidated entity consisting of Queensland Pacific Metals Limited and its controlled entities (the "Group") for the financial year ended 30 June 2022.

### DIRECTORS

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire year unless otherwise stated.

#### **John Downie** | Executive Director

*(Appointed 17 May 2019 – 31 March 2021, Managing Director; since 1 April 2021, Executive Director)*

Mr. Downie is a mechanical engineer and has over 30 years' experience in the mining industry. He has extensive experience in lateritic nickel mining and processing, having previously been Director of Mines for Vale's Goro operations, CEO of Gladstone Pacific Nickel and Director of Projects at Queensland Nickel. He has also been employed in senior roles at Barrack Mines NL, Alcoa of Australia Ltd and Boral Resources Ltd.

During the past three years, Mr. Downie did not hold any directorships in any other ASX listed companies.

#### **Cameron Mclean** | Non-Executive Director

*(Appointed 30 November 2018, resigned 24 September 2021)*

Cameron Mclean has more than 20 years of experience leading and managing a range of commercial activities including co-directing London business base in the geo-technology sector, and as chief financial officer of Snowden Mining Industry Consultants, Kagara and Atrum Coal. Mr. Mclean has a background in accounting and finance, with experience originating at Western Mining in Melbourne. Mr. Mclean is the founder and major shareholder of the mining investment platform, Mineral Intelligence, where he has facilitated over \$100m in mining transactions over 5 years. Mr. Mclean identified, secured and introduced the cobalt and vanadium projects through Ion Minerals and was its managing director.

During the past three years, Mr. Mclean held the following directorships in other ASX listed companies: Great Northern Minerals Limited (current), Bindi Metals (BIM) and DC Two Limited (resigned).

#### **Eddie King** | Non-Executive Director

*(Appointed 26 March 2018, Non-Executive Chairman until 24 September 2021)*

Mr. King is a qualified Mining Engineer. Mr. King holds a Bachelor of Commerce and Bachelor of Engineering from the University of Western Australia. Mr. King's experience includes being a manager for an investment banking firm, where he specialised in the technical and financial analysis of bulk commodity and other resource projects for investment and acquisition. Eddie is also a director of CPS Capital Group, one of Australia's most active stockbroking and corporate advisory firms specialising in small to medium high growth companies.

During the past three years, Mr. King held the following directorships in other ASX listed companies: Eastern Resources Limited (current), Ragnar Metals Limited (current), M3 Mining Limited (current), Bindi Metals Limited (current), Noble Helium Limited (current), Rubix Resources Limited (current), European Cobalt Limited (resigned April 2020), and Six Sigma Metals Limited (resigned April 2020).

#### **Stephen Grocott** | Managing Director

*(Appointed 21 July 2020 – 31 March 2021, CEO; since 1 April 2021, Managing Director)*

Dr. Grocott is an accomplished executive in the mining and mineral processing sector with nearly 40 years international experience. He was the Chief Technical Development Officer at Clean TeQ Holdings Limited where he was accountable for technical and process development, and supported technical marketing, due diligence, and project funding for the A\$2.6B Sunrise Ni-Co-Sc project in New South Wales. Dr. Grocott's exposure to EV and battery producers and world-class expertise in process and development for minerals processing and battery chemicals will underpin the progress of the company.

During the past three years, Mr. Grocott did not hold any directorships in any other ASX listed companies.

## Directors' Report

**Jim Simpson** | Non-Executive Director  
(Appointed 1 May 2021)

Mr. Simpson is a highly respected and experienced Mining Engineer with significant public company board and management experience. He is currently Executive Director Mining at Peel Mining Limited (ASX: PEX) and was previously Managing Director and CEO at Aurelia Metals Limited. Mr. Simpson has more than 30 years mining industry experience and holds a Bachelor of Engineering Mining (Hons) from University of NSW and a Diploma of Business (Frontline Management) and is a member of the Australasian Institute of Mining and Metallurgy.

During the past three years, Mr. Simpson has been an executive director of Peel Mining Limited since September 2019 and was appointed as its Managing Director in February 2022.

**Sharna Glover** | Non-Executive Director  
(Appointed 24 September 2021)

Ms. Glover has over 25 years of experience in the Resources sector with her career focussing on Engineering, Technology and People. Her career has spanned over 20 years and ranged from working in the largest global mining and processing house (BHP) to being the co-founder of Imvelo.ai which provides capability in planning and leading innovation and business transformations through best technology partnerships and supporting commercial models. Sharna holds a first-class double degree in Chemical Engineering and Science, as well as a doctorate in Chemical Engineering.

During the past three years, Ms. Glover has been a non-executive director of the following unlisted entities: Robotics Australia Group and CarbonLink.

**John Abbott** | Non-Executive Chairman  
(Appointed 24 September 2021)

John combines extensive experience as a Company Director of both Australian and Asian companies with an executive background in operations, engineering, design, and project management of large complex projects. For the last seven years, he has been the Chancellor of the Central Queensland University (and Chair of the University Council). The University is a \$500 million pa organisation with over 2,500 staff. John is also Deputy Chairman of Regional Development Australia (C&WQ), director of Queensland Wool Processors Pty Ltd. and a director of the Central Queensland Hospital and Health Services; both of which highlight his enthusiasm for regional development in Queensland. John was appointed as a Member of the Order of Australia in the 2020.

During the past three years, Mr. Abbott has been the Chancellor of Central Queensland University, Deputy-Chairman of Regional Development Australia and Chairman of Queensland Wool Processors Pty Ltd.

### COMPANY SECRETARY

**Mauro Piccini**

Mr. Piccini is a Chartered Accountant (CA) and a member of the Governance Institute of Australia (GIA). He specialises in corporate advisory, company secretarial and financial management services. Mauro spent seven years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines.

### INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares, options and performance rights of the Company or a related body corporate as at the date of this report.

## Directors' Report

| Director        | Ordinary Shares   | Options          | Performance Rights |
|-----------------|-------------------|------------------|--------------------|
| Eddie King      | 13,749,558        | -                | -                  |
| Cameron Mclean  | -                 | -                | -                  |
| John Downie     | 35,738,283        | -                | 21,388,033         |
| Stephen Grocott | 1,142,448         | -                | 28,500,000         |
| Jim Simpson     | 1,000,000         | 1,000,000        | -                  |
| Sharna Glover   | 75,000            | 1,000,000        | -                  |
| John Abbott     | 200,000           | 1,000,000        | -                  |
|                 | <b>51,905,289</b> | <b>3,000,000</b> | <b>49,888,033</b>  |

### PRINCIPAL ACTIVITIES

The principal activity of the Company is minerals processing.

### REVIEW AND RESULTS OF OPERATIONS

#### Overview

Queensland Pacific Metals Limited continued to advance the Townsville Energy Chemicals Hub ("TECH Project") during financial year 2022, achieving several key milestones.

#### Pilot plant and feasibility study progress

The DFS progressed well throughout the year and remains on track for completion in Q4 of the current calendar year. With lead engineers, Hatch, QPM awarded its basic engineering design work to key equipment suppliers, with the view of progressing towards supply agreements containing performance guarantees for construction. This early involvement of key suppliers is a major part of QPM's funding strategy for the TECH Project. Additionally, during the year, QPM undertook HPA testwork in conjunction with its HPA partners Lava Blue. The testwork was undertaken at speciality labs at Queensland University of Technology ("QUT") and resulted in the successful production of 4N HPA from aluminium hydroxide feedstock produced by QPM as part of its piloting. This represents the first HPA made from New Caledonia laterite ore with a purity of 99.996%.

Before the close of the financial year, QPM completed the construction of a thermal decomposition pilot plant and in July completed the pilot program with the successful production of magnesia (MgO) from magnesium nitrate. Magnesia samples produced were then analysed at ALS(?) laboratories to assess potential markets.

In accordance with the piloting and testwork advancements made during the year, progress was made to prepare for early earth works and road work for the TECH Project. Subsequent to year end, the Townsville City Council completed the tender for the road work which is scheduled to commence in December 2022.

#### Offtake and investment

In December 2021, QPM completed a capital raising of \$30m (before costs) by way of a share placement to institutional and sophisticated investors at \$0.16 per share. The placement was strongly supported and allowed QPM to introduce new investors to the share register, including those with an ESG focus.

Additionally, Export Finance Australia (EFA) provided QPM with a letter of conditional funding support for up to \$250m of debt funding. This letter of support highlights that the TECH Project is broadly aligned with the objectives of the Australian Government's Critical Minerals Strategy – to diversify global critical mineral supply and capture more value from the critical minerals value chain.

Subsequent to the EFA announcement, QPM received a formal Expression of Interest letter from K-SURE. The Expression of Interest from K-SURE is a significant milestone in their internal consideration for the provision of debt funding. K-SURE has indicated that its participation in the debt syndicate will be in line with the terms and conditions of EFA's support. The letter received from K-SURE does not constitute a commitment or an offer and any provision of debt funding will be subject to due diligence and typical terms and conditions.

QPM's strong ties to Korea have positioned it to access financing from both Australian and Korean export credit agencies and strong progress has been made. As the project progresses towards the completion of the DFS, QPM is confident that these strong Korean-Australian ties will assist in obtaining credit approval for debt funding from such parties.

In February 2022, a press conference was held by the President of New Caledonia, Louis Mapou, and SLN. At the press conference, it was announced that the Government of New Caledonia had approved an increase in the annual nickel ore export quota of SLN. This increase includes the supply of up to 1,000,000 wet metric tonnes ("wmt") of nickel ore per annum to QPM. The approval is valid through to 2029, in line with SLN's existing export approvals that are currently in place. Shortly after receiving government approval, QPM and SLN executed a binding contract for up to 1,000,000 wmt of nickel ore per annum. The execution of this contract is a major de-risking milestone for QPM with regards to its ore supply and demonstrates the support of the project from New Caledonia and SLN.

In June 2022, QPM executed a binding ore supply agreement with Société des Mines de la Tontouta ("SMT") for up to 600,000 wmt of laterite ore. As part of the Agreement, SMT and QPM have also agreed to explore further opportunities that are mutually beneficial including investment and other commercial arrangements.

### Government and Sustainability Initiatives

On 27 September 2021, the Hon. Steven Miles, the Deputy Premier of Queensland and Minister for State Development, Infrastructure, Local government & Planning declared QPM's TECH Project a 'Prescribed Project' pursuant to section 76E of the State Development and Public Works Organisation Act 1971 (qld).

A Prescribed Project is one which is of significance, particularly economically or socially, to Queensland or a region. A Prescribed Project declaration grants the Co-ordinator-General the power, if necessary, to intervene in State and Local Government Approval Processes to ensure timely decision making. There are currently 11 Prescribed Projects in Queensland. The TECH Project is expected to deliver many benefits to Townsville and the greater region including:

- ~1,000 jobs in construction
- ~300 highly skilled, advancing manufacturing jobs in operation
- Significant flow-on jobs in support industries
- Reinforcing Townsville as a region of value-add advanced manufacturing and resource processing, and
- Significant, baseload user to justify key infrastructure and services for the Lansdown Eco-Industrial Precinct.

During the year, QPM engaged Minviro, a leading global sustainability consultancy to undertake a life cycle assessment on QPM TECH's carbon emissions. The study independently verified that the Project's use of waste gas from existing hard coking coal mines in its processing would result in the reduction of Australia's greenhouse gas emissions by 238,000t CO<sub>2</sub> eq per annum, making it a negative carbon emission producer.

QPM also made significant advancements in reaching its stated goal of having zero solids waste at the TECH Project as a result of successful testwork and discussions with regulators. The ability to utilise the leached ore residue as an engineered land fill would mean that 100% of the ore processed by the TECH Project would have a commercial application, effectively positioning the TECH Project to attain both zero solids waste and negative carbon credentials. This outcome would be unprecedented in the resources sector and position QPM and the TECH Project as a global leader in ESG credentials.

### Financial Performance

The financial results of the Company for the year ended 30 June 2022 are:

|                                   | 30 June 2022<br>\$  | 30 June 2021<br>\$ |
|-----------------------------------|---------------------|--------------------|
| Cash and cash equivalents         | <b>31,382,958</b>   | 17,745,422         |
| Net assets (net liabilities)      | <b>25,992,989</b>   | 15,873,456         |
| Revenue and other income          | <b>2,612,780</b>    | 2,716,002          |
| Net loss after tax <sup>(i)</sup> | <b>(38,054,319)</b> | (11,499,536)       |

(i) The largest component of the net loss after tax for QPM is expensing all costs associated with the DFS for the TECH Project (\$31.8m)

### DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year. No dividend is recommended in respect of the current financial year.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS****Board Appointments and Resignations**

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.

**Capital raisings**

During the year, the Company raised \$49.35 million before costs. An additional \$975,000 was received from the exercise of unlisted options.

**MATTERS SUBSEQUENT TO THE REPORTING PERIOD**

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

Nil.

**DIRECTORS' MEETINGS**

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

| Director           | Number Eligible to Attend | Number Attended |
|--------------------|---------------------------|-----------------|
| John Downie        | 10                        | 9               |
| Cameron Mclean (i) | 2                         | 2               |
| Eddie King         | 10                        | 9               |
| Stephen Grocott    | 10                        | 9               |
| Jim Simpson        | 10                        | 8               |
| Sharna Glover (ii) | 8                         | 8               |
| John Abbott (iii)  | 8                         | 8               |

- (i) Appointed 30 November 2018, resigned 24 September 2021.
- (ii) Appointed 24 September 2021 as Non-Executive Director.
- (iii) Appointed 24 September 2021 as Non-Executive Director.

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement.



## Directors' Report

### REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2022 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

#### a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Company during or since the end of the financial year were:

##### Non-Executive Directors:

|                           |   |
|---------------------------|---|
| Cameron Mclean            | Non-Executive Director (appointed 30 November 2018, resigned 24 September 2021) |
| Eddie King <sup>(i)</sup> | Non-Executive Director (appointed 26 March 2018)                                |
| Jim Simpson               | Non-Executive Director (appointed 1 May 2021)                                   |
| Sharna Glover             | Non-Executive Director (appointed 24 September 2021)                            |
| John Abbott               | Non-Executive Director (appointed 24 September 2021)                            |

##### Executive KMP:

|                             |  |
|-----------------------------|--|
| John Downie <sup>(ii)</sup> | Executive Director (appointed 1 April 2021)      |
| Stephen Grocott             | Chief Executive Officer (appointed 21 July 2020) |
|                             | Managing Director (appointed 1 April 2021)       |
| Duane Woodbury              | Chief Financial Officer (appointed 1 July 2021)  |
| John Khoo                   | GM – Commercial (appointed 1 July 2021)          |
| Barry Sanders               | Project Director (appointed 1 April 2021)        |

- (i) Eddie King acted as Non-Executive Chairman from 30 November 2018 until 24 September 2021  
(ii) John Downie acted as Managing Director from 17 May 2019 to 31 March 2021

The Remuneration Report is set out under the following main headings:

- A Remuneration Philosophy
- B Remuneration Governance, Structure and Approvals
- C Remuneration and Performance
- D Details of Remuneration
- E Service Agreements
- F Share-based Compensation
- G Equity Instruments Issued on Exercise of Remuneration Options
- H Loans with KMP
- I Other Transactions with KMP

#### A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Company. KMP of the Company comprise of the Board of Directors and senior executive employees.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

*Voting and comments made at the Company's Annual General Meeting*

**REMUNERATION REPORT (AUDITED, CONT.)**

At the 2021 Annual General Meeting, the resolution to adopt the Remuneration Report for the year ended 30 June 2021 was passed unanimously without amendment on a show of hands "For" the resolution to adopt the Remuneration Report. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

**B Remuneration Governance, Structure and Approvals**

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Company renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

**❖ Non-Executive Remuneration Structure**

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A\$500,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive Directors is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

**❖ Executive Remuneration Structure**

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors and senior executive employees.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

**REMUNERATION REPORT (AUDITED, CONT.)****❖ Executive Remuneration Approvals**

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

**C Remuneration and Performance**

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Company for the past five years:

|                               | 30-June-22   | 30-June-21   | 30-June-20  | 30-Jun-19   | 30-Jun-18   |
|-------------------------------|--------------|--------------|-------------|-------------|-------------|
| Revenue and other income (\$) | 2,612,780    | 2,716,002    | 382,999     | 33,645      | 13,457      |
| Net loss after tax (\$)       | (38,054,319) | (11,499,536) | (4,980,543) | (2,295,115) | (2,755,575) |
| EPS (cents)                   | (3.28)       | (1.25)       | (0.96)      | (0.72)      | (1.17)      |
| Share price                   | 0.115        | 0.140        | 0.013       | 0.018       | 0.014       |
| Dividends                     | -            | -            | -           | -           | -           |

**Relationship between Remuneration and Company Performance**

Given the recent listing of the Company and the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

- Fixed Remuneration – base salary, superannuation and non-monetary benefits
- Variable Short-Term Incentives
- Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

**a) Fixed Remuneration – Base Salary**

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

**b) Variable Remuneration – Short Term Incentives (STI)**

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made to directors during the financial year. Refer to section D for details of these payments.

**c) Variable Remuneration – Long-Term Incentives (LTI)**

Options are issued at the Board's discretion. See note 17 for details of share-based payments.

## Directors' Report

### REMUNERATION REPORT (AUDITED, CONT.)

#### D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Company during the financial year are:

Table 1 – Remuneration of KMP of the Company for the year ended 30 June 2022 is set out below:

| 30 June 2022                     | Short-term Employee Benefits |                       |          | Post-Employment | Share based payments | Total            |
|----------------------------------|------------------------------|-----------------------|----------|-----------------|----------------------|------------------|
|                                  | Cash Salary & fees           | Non-monetary benefits | Other    | Superannuation  |                      |                  |
|                                  | \$                           | \$                    | \$       | \$              | \$                   | \$               |
| <b>Non-Executive Directors</b>   |                              |                       |          |                 |                      |                  |
| Eddie King                       | 60,833                       | -                     | -        | 24,552          | -                    | 85,385           |
| Cameron Mclean <sup>(i)</sup>    | 11,550                       | -                     | -        | 1,050           | -                    | 12,600           |
| Jim Simpson                      | 67,500                       | -                     | -        | 6,750           | -                    | 74,250           |
| Sharna Glover <sup>(ii)</sup>    | 52,500                       | -                     | -        | 5,250           | 121,614              | 179,364          |
| John Abbott <sup>(ii)</sup>      | 76,882                       | -                     | -        | 7,688           | 121,614              | 206,184          |
| <b>Executive KMP</b>             |                              |                       |          |                 |                      |                  |
| Stephen Grocott <sup>(iii)</sup> | 390,960                      | 29,669                | -        | 23,568          | -                    | 444,197          |
| John Downie                      | 120,000                      | 4,985                 | -        | 12,000          | -                    | 136,985          |
| Duane Woodbury <sup>(iv)</sup>   | 300,960                      | 20,676                | -        | 23,568          | -                    | 345,204          |
| John Khoo <sup>(v)</sup>         | 300,960                      | -                     | -        | 23,568          | -                    | 324,528          |
| Barry Sanders <sup>(vi)</sup>    | 300,960                      | -                     | -        | 23,568          | -                    | 324,528          |
| <b>Total</b>                     | <b>1,683,105</b>             | <b>55,330</b>         | <b>-</b> | <b>151,562</b>  | <b>243,228</b>       | <b>2,133,225</b> |

(i) Resigned 24 September 2021.

(ii) On 24 September 2021, 1,000,000 options were granted to Sharna Glover and John Abbott upon their appointment as Non-Executive Directors with the Company. The options have a 3 year term and an exercise price of \$0.275. Shareholder approval for the grant of the options was obtained on 23 November 2021.

(iii) Stephen Grocott's remuneration for the year ended 30 June 2022 included reportable fringe benefits totalling \$29,669.

(iv) Duane Woodbury was appointed as Chief Financial Officer on 1 July 2021.

(v) John Khoo was appointed as GM – Commercial on 1 July 2021.

(vi) Barry Sanders was appointed as Project Director on 1 April 2021. However, he did not become a KMP until July 2021.

Table 2 – Remuneration of KMP of the Company for the year ended 30 June 2021 is set out below:

| 30 June 2021                     | Short-term Employee Benefits |                       |          | Post-Employment | Share based payments       | Total            |
|----------------------------------|------------------------------|-----------------------|----------|-----------------|----------------------------|------------------|
|                                  | Cash Salary & fees           | Non-monetary benefits | Other    | Superannuation  |                            |                  |
|                                  | \$                           | \$                    | \$       | \$              | \$                         | \$               |
| <b>Key Management Personnel</b>  |                              |                       |          |                 |                            |                  |
| Stephen Grocott <sup>(i)</sup>   | 332,809                      | -                     | -        | 24,017          | 398,623 <sup>(v, vi)</sup> | 755,449          |
| Eddie King                       | 63,333                       | -                     | -        | 6,017           | -                          | 69,350           |
| John Downie <sup>(ii)</sup>      | 170,000                      | -                     | -        | 11,400          | -                          | 181,400          |
| Cameron Mclean                   | 42,000                       | -                     | -        | 3,990           | -                          | 45,990           |
| Andrew Matheson <sup>(iii)</sup> | 5,000                        | -                     | -        | 475             | -                          | 5,475            |
| Jim Simpson <sup>(iv)</sup>      | 10,000                       | -                     | -        | 950             | 88,184 <sup>(iv)</sup>     | 99,134           |
| <b>Total</b>                     | <b>623,142</b>               | <b>-</b>              | <b>-</b> | <b>46,849</b>   | <b>486,807</b>             | <b>1,156,798</b> |

## REMUNERATION REPORT (AUDITED, CONT.)

- (i) Appointed 21 July 2020 as Chief Executive Officer and subsequently on 1 April 2021 as Managing Director. A bonus of \$80,000 was approved by the Board for Mr Grocott's services during the year.
- (ii) A bonus of \$50,000 was approved by the Board for Mr Downie's services during the year.
- (iii) Resigned 15 July 2020.
- (iv) Appointed 1 May 2021. 1,000,000 options were granted to Jim Simpson upon his appointment with the Company. The options have a 3-year term and an exercise price of \$0.15. Shareholder approval for the grant of the options was obtained on 13 July 2021. \$20,623 relates to shares which were issued in lieu of 30% of 3 months' of Mr Grocott's salary. See Note 15 and 17 for further details. \$105,000 relates to 2,500,000 Milestone 1 Performance Rights which vested when 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. \$273,000 relates to 5,000,000 Milestone 2 and 1,500,000 Milestone 3 Performance Rights which vested when the Company entered into binding offtake agreements for nickel and cobalt offtake from the TECH Project. See note 17 for further details.

Table 3 – Relative proportion of fixed vs variable remuneration expense

| Name                           | Fixed Remuneration |      | Variable Remuneration |      | At Risk – STI (%) |      | At Risk – LTI (%) |      |
|--------------------------------|--------------------|------|-----------------------|------|-------------------|------|-------------------|------|
|                                | 2022               | 2021 | 2022                  | 2021 | 2022              | 2021 | 2022              | 2021 |
| <b>Non-Executive Directors</b> |                    |      |                       |      |                   |      |                   |      |
| Eddie King                     | 100%               | 100% | -                     | -    | -                 | -    | -                 | -    |
| Cameron Mclean <sup>(i)</sup>  | 100%               | 100% | -                     | -    | -                 | -    | -                 | -    |
| Jim Simpson                    | 100%               | 11%  | -                     | -    | -                 | -    | -                 | 89%  |
| Sharna Glover <sup>(ii)</sup>  | 32%                | -    | -                     | -    | -                 | -    | 68%               | -    |
| John Abbott <sup>(ii)</sup>    | 41%                | -    | -                     | -    | -                 | -    | 59%               | -    |
| <b>Executive KMP</b>           |                    |      |                       |      |                   |      |                   |      |
| Stephen Grocott                | 100%               | 37%  | -                     | 11%  | -                 | 52%  | -                 | -    |
| John Downie                    | 100%               | 72%  | -                     | 28%  | -                 | -    | -                 | -    |
| Duane Woodbury                 | 100%               | -    | -                     | -    | -                 | -    | -                 | -    |
| John Khoo                      | 100%               | -    | -                     | -    | -                 | -    | -                 | -    |
| Barry Sanders                  | 100%               | -    | -                     | -    | -                 | -    | -                 | -    |

- (i) Resigned 24 September 2021.
- (ii) Appointed 24 September 2021 as Non-Executive Directors. 1,000,000 options were granted to Sharna Glover and John Abbott upon their appointment with the Company. The options have a 3 year term and an exercise price of \$0.275. Shareholder approval for the grant of the options was obtained on 23 November 2021.

Table 4 – Shareholdings of KMP (direct and indirect holdings)

| 30 June 2022                    | Balance at 01/07/2021 | Granted as Remuneration | Other            | Balance at 30/06/2022 |
|---------------------------------|-----------------------|-------------------------|------------------|-----------------------|
| <b>Non-Executive Directors</b>  |                       |                         |                  |                       |
| Eddie King <sup>(i)</sup>       | 2,999,558             | -                       | 10,750,000       | 13,749,558            |
| Cameron Mclean                  | -                     | -                       | -                | -                     |
| Jim Simpson <sup>(ii)</sup>     | 1,000,000             | -                       | -                | 1,000,000             |
| Sharna Glover <sup>(iii)</sup>  | -                     | -                       | 75,000           | 75,000                |
| John Abbott <sup>(iv)</sup>     | -                     | -                       | 200,000          | 200,000               |
| <b>Executive KMP</b>            |                       |                         |                  |                       |
| Stephen Grocott <sup>(v)</sup>  | 942,448               | -                       | 200,000          | 1,142,448             |
| John Downie <sup>(vi)</sup>     | 40,738,283            | -                       | (5,000,000)      | 35,738,283            |
| Duane Woodbury <sup>(vii)</sup> | 12,710,351            | -                       | (2,498,833)      | 10,211,518            |
| John Khoo <sup>(viii)</sup>     | 15,279,889            | -                       | 993,171          | 16,273,060            |
| Barry Sanders                   | -                     | -                       | -                | -                     |
| <b>Total</b>                    | <b>73,670,529</b>     | <b>-</b>                | <b>4,719,338</b> | <b>78,389,867</b>     |

- (i) Exercise of 10,000,000 unlisted options and on market purchase of 750,000 shares.
- (ii) Initial indirect holding was not disclosed in prior year remuneration report.
- (iii) Appointed 24 September 2021 as Non-Executive Director. 100,000 initial indirect holding. 25,000 shares of these were subsequently sold during the year on the market.
- (iv) On market purchase during the year.
- (v) On market purchase during the year.
- (vi) On market disposal during the year.
- (vii) Appointed 1 July 2021 as CFO. Initial indirect holding.

## REMUNERATION REPORT (AUDITED, CONT.)

- (viii) Appointed 1 July 2021 as GM-Commercial. Initial direct holding of 15,279,889 shares. Subsequent exercise of 8,000,000 unlisted options and on market disposal of 7,006,829 shares during the year.

Table 5 – Option holdings of KMP (direct and indirect holdings)

| 30 June 2022                   | Balance at 01/07/2021 | Issued as Remuneration | Exercised           | Other              | Balance at 30/06/2022 | Vested & Exercisable |
|--------------------------------|-----------------------|------------------------|---------------------|--------------------|-----------------------|----------------------|
| <b>Non-Executive Directors</b> |                       |                        |                     |                    |                       |                      |
| Eddie King                     | 10,000,000            | -                      | (10,000,000)        | -                  | -                     | -                    |
| Cameron Mclean <sup>(i)</sup>  | 2,000,000             | -                      | -                   | (2,000,000)        | -                     | -                    |
| Jim Simpson <sup>(ii)</sup>    | -                     | 1,000,000              | -                   | -                  | 1,000,000             | 1,000,000            |
| Sharna Glover                  | -                     | 1,000,000              | -                   | -                  | 1,000,000             | 1,000,000            |
| John Abbott                    | -                     | 1,000,000              | -                   | -                  | 1,000,000             | 1,000,000            |
| <b>Executive KMP</b>           |                       |                        |                     |                    |                       |                      |
| Stephen Grocott                | -                     | -                      | -                   | -                  | -                     | -                    |
| John Downie                    | -                     | -                      | -                   | -                  | -                     | -                    |
| Duane Woodbury                 | -                     | -                      | -                   | -                  | -                     | -                    |
| John Khoo                      | 8,000,000             | -                      | (8,000,000)         | -                  | -                     | -                    |
| Barry Sanders                  | -                     | -                      | -                   | -                  | -                     | -                    |
| <b>Total</b>                   | <b>20,000,000</b>     | <b>3,000,000</b>       | <b>(18,000,000)</b> | <b>(2,000,000)</b> | <b>3,000,000</b>      | <b>3,000,000</b>     |

- (i) Resigned 24 September 2021.  
(ii) 1,000,000 options were granted to Jim Simpson upon his appointment with the Company on 1 May 2021. Shareholder approval for the grant of the options was obtained on 13 July 2021.

Table 6 – Performance Rights holdings of KMP (direct and indirect holdings)

| 30 June 2022                    | Balance at 01/07/2021 | Issued as Remuneration | Exercised | Vested | Lapsed              | Balance at 30/06/2022 | Vested & Exercisable |
|---------------------------------|-----------------------|------------------------|-----------|--------|---------------------|-----------------------|----------------------|
| <b>Non-Executive Directors</b>  |                       |                        |           |        |                     |                       |                      |
| Eddie King                      | -                     | -                      | -         | -      | -                   | -                     | -                    |
| Cameron Mclean                  | -                     | -                      | -         | -      | -                   | -                     | -                    |
| Jim Simpson                     | -                     | -                      | -         | -      | -                   | -                     | -                    |
| Sharna Glover                   | -                     | -                      | -         | -      | -                   | -                     | -                    |
| John Abbott                     | -                     | -                      | -         | -      | -                   | -                     | -                    |
| <b>Executive KMP</b>            |                       |                        |           |        |                     |                       |                      |
| Stephen Grocott <sup>(i)</sup>  | 36,000,000            | -                      | -         | -      | (7,500,000)         | 28,500,000            | 9,000,000            |
| John Downie <sup>(ii)</sup>     | 42,776,066            | -                      | -         | -      | (21,388,033)        | 21,388,033            | -                    |
| Duane Woodbury <sup>(iii)</sup> | 12,000,000            | 6,000,000              | -         | -      | (500,000)           | 17,500,000            | -                    |
| John Khoo <sup>(iv)</sup>       | 19,250,000            | -                      | -         | -      | (5,000,000)         | 14,250,000            | 4,500,000            |
| Barry Sanders <sup>(v)</sup>    | 3,000,000             | -                      | -         | -      | (1,500,000)         | 1,500,000             | -                    |
| <b>Total</b>                    | <b>113,026,066</b>    | <b>6,000,000</b>       | -         | -      | <b>(35,888,033)</b> | <b>83,138,033</b>     | <b>13,500,000</b>    |

- (i) The final target date of milestone 5 was not met, as such 5,000,000 rights lapsed. The initial target date of milestone 6 was not met, as such 2,500,000 rights lapsed. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (ii) Pertains to the deferred consideration milestone performance rights granted to John Downie in May 2019 as part of the acquisition of QPM Tech Project Pty Ltd by QPM. These were not disclosed in the prior year accounts. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (iii) 6,000,000 performance rights were granted to Duane Woodbury in the prior year as part of his consultancy service agreement. 12,000,000 performance rights were granted on 1 July 2021 as part of his employment agreement. The milestones associated with the performance rights are disclosed in section F share-based Compensation, Performance Rights below. The initial target date for milestone 6 was not met, as such 500,000 rights lapsed.
- (iv) 19,250,000 performance rights were granted in the prior year as part of John Khoo's consultancy service agreement. Milestones 1-3 vested in the prior year and as such, 4,500,000 performance rights were issued. During the current year, the initial target date of milestone 6 was not met and milestone 5 was not achieved, resulting in 1,250,000 and 3,750,000 rights lapsing, respectively. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.

## Directors' Report

### REMUNERATION REPORT (AUDITED, CONT.)

- (v) 3,000,000 performance rights were granted to Barry Sanders in the prior year before he was considered a member of key management personnel. The Completion of DFS milestone was not met during the year and as such 1,500,000 rights lapsed. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.

#### E Service Agreements

##### ❖ John Downie – Executive Director

- Contract: Commenced 17 May 2019, Executive Director from 1 April 2021
- Director Fees: \$120,000 p.a.
- Contract: Commenced 1 April 2020
- Term: no fixed term
- Period of notice: N/A

##### ❖ Stephen Grocott –

###### •Managing Director

- Contract: Commenced 1 April 2021
- Director Fees: \$390,000 p.a. plus super
- Term: no fixed term
- Period of notice: 6 months
- Termination: Any outstanding amounts to be paid at termination

##### ❖ Sharna Glover –

###### •Non-Executive Director

- Contract: Commenced 24 September 2021
- Service Fees: \$70,000 p.a. plus super
- Term: no fixed term
- Period of notice: no notice
- Termination: Any outstanding amounts to be paid at termination

##### ❖ John Abbott –

###### •Non-Executive Director

- Contract: Commenced 24 September 2021
- Service Fees: \$100,000 p.a. plus super
- Term: no fixed term
- Period of notice: no notice
- Termination: Any outstanding amounts to be paid at termination

##### ❖ Jim Simpson –

###### •Non-Executive Director

- Contract: Commenced 20 April 2021
- Service Fees: \$60,000 p.a. plus super from commencement until 30 September 2021, \$70,000 from 1 October 2021 onwards
- Term: no fixed term
- Period of notice: no notice
- Termination: Any outstanding amounts to be paid at termination

##### ❖ Eddie King –

###### •Non-Executive Director

- Contract: Commenced 26 March 2018
- Service Fees: \$60,833 p.a. plus super
- Term: no fixed term
- Period of notice: no notice
- Termination: Any outstanding amounts to be paid at termination

## Directors' Report

### REMUNERATION REPORT (AUDITED, CONT.)

#### ❖ Duane Woodbury –

##### •Chief Financial Officer

- Contract: Commenced 1 July 2021  
Director Fees: \$300,000 p.a. plus super  
Term: no fixed term  
Period of notice: 6 months  
Termination: The employee will be entitled to six (6) months' fixed remuneration in the case of termination by the Company

#### ❖ John Khoo –

##### •GM – Commercial

- Contract: Commenced 1 July 2021  
Director Fees: \$300,000 p.a. plus super  
Term: no fixed term  
Period of notice: 3 months  
Termination: The employee will be entitled to three (3) months' fixed remuneration in the case of termination by the Company

#### ❖ Barry Sanders –

##### •Project Director

- Contract: Commenced 1 April 2021  
Director Fees: \$300,000 p.a. plus super  
Term: no fixed term  
Period of notice: 6 months  
Termination: The employee will be entitled to three (3) months' fixed remuneration in the case of termination by the Company

## F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and/or performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

### Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows.

| 30 June 2022                           | Number of options granted | Grant date | Vesting date and exercisable date | Expiry date        | Exercise Price \$ | Fair value per option at grant date \$ |
|--|---------------------------|------------|-----------------------------------|--------------------|-------------------|--|
| <b><u>Key Management Personnel</u></b> |                           |            |                                   |                    |                   |  |
| Jim Simpson <sup>(i)</sup>             | 1,000,000                 | 1/5/2021   | Immediately on issue              | 3 years from issue | \$0.15            | 0.09                                   |
| Sharna Glover                          | 1,000,000                 | 23/11/2021 | Immediately on issue              | 3 years from issue | \$0.275           | 0.12                                   |
| John Abbott                            | 1,000,000                 | 23/11/2021 | Immediately on issue              | 3 years from issue | \$0.275           | 0.12                                   |

- (i) 1,000,000 options were granted to Jim Simpson upon his appointment with the Company on 1 May 2021. Shareholder approval for the grant of the options was obtained on 13 July 2021.



## Directors' Report

### REMUNERATION REPORT (AUDITED, CONT.)

1,000,000 options were granted to Sharna Glover and Jim Abbott upon their appointment with the Company on 24 September 2021. The options have a 3 year term and an exercise price of \$0.275. The total value of the options is \$243,228. Shareholder approval for the grant of the options was obtained on 23 November 2021. The inputs used in the Black Scholes model to value the options are:

|                       |                   |
|-----------------------|-------------------|
| Agreement date        | 14 September 2021 |
| Accounting grant date | 23 November 2021  |
| Share price           | \$0.275           |
| Expected volatility   | 107%              |
| Dividend yield        | 0%                |
| Risk free rate        | 0.19%             |

### Performance Rights

| 30 June 2022                    | Number of performance rights granted | Grant date | Percent vested % | Fair value \$ | Expense \$ | Performance conditions                   |
|---------------------------------|--------------------------------------|------------|------------------|---------------|------------|--|
| <b>Key Management Personnel</b> |                                      |            |                  |               |            |  |
| Stephen Grocott <sup>(i)</sup>  | 2,500,000                            | 21/07/2020 | 100              | 0.04          | -          | Milestone 1                              |
|                                 | 5,000,000                            | 21/07/2020 | 100              | 0.04          | -          | Milestone 2                              |
|                                 | 1,500,000                            | 21/07/2020 | 100              | 0.04          | -          | Milestone 3                              |
|                                 | 2,000,000                            | 21/07/2020 | 30               | 0.04          | -          | Milestone 4                              |
|                                 | 5,000,000                            | 21/07/2020 | 0                | 0.04          | -          | Milestone 5                              |
|                                 | 7,500,000                            | 21/07/2020 | 10               | 0.04          | -          | Milestone 6                              |
|                                 | 12,500,000                           | 21/07/2020 | 0                | 0.04          | -          | Milestone 7                              |
| John Downie <sup>(ii)</sup>     | 42,776,066                           | 15/05/2019 | 10               | 0.10          | -          | FID to build TECH                        |
| Duane Woodbury <sup>(iii)</sup> | 2,000,000                            | 01/07/2021 | 10               | 0.16          | -          | Milestone 6                              |
|                                 | 4,000,000                            | 01/07/2021 | 30               | 0.16          | -          | Milestone 7                              |
|                                 | 6,000,000                            | 01/07/2021 | 30               | 0.16          | -          | Reached FID to build TECH project        |
|                                 | 2,500,000                            | 01/07/2021 | 30               | 0.16          | -          | Completion of equity capital raising     |
|                                 | 3,500,000                            | 01/07/2021 | 30               | 0.16          | -          | Completion of reaching contraction close |
| John Khoo <sup>(iv)</sup>       | 1,250,000                            | 15/12/2020 | 100              | 0.02          | -          | Milestone 1                              |
|                                 | 2,500,000                            | 15/12/2020 | 100              | 0.02          | -          | Milestone 2                              |
|                                 | 750,000                              | 15/12/2020 | 100              | 0.02          | -          | Milestone 3                              |
|                                 | 1,000,000                            | 15/12/2020 | 30               | 0.03          | -          | Milestone 4                              |
|                                 | 3,750,000                            | 15/12/2020 | 0                | 0.03          | -          | Milestone 5                              |
|                                 | 3,750,000                            | 15/12/2020 | 10               | 0.03          | -          | Milestone 6                              |
|                                 | 6,250,000                            | 15/12/2020 | 0                | 0.03          | -          | Milestone 7                              |
| Barry Sanders <sup>(v)</sup>    | 1,500,000                            | 01/04/2021 | 0                | 0.09          | -          | Completion of DFS                        |
|                                 | 1,500,000                            | 01/04/2021 | 30               | 0.09          | -          | Milestone 7                              |

## Directors' Report

### REMUNERATION REPORT (AUDITED, CONT.)

- (i) Milestones 1-3 vested in prior year. The final target date of milestone 5 was not met, as such 5,000,000 rights lapsed. The initial target date of milestone 6 was not met, as such 2,500,000 rights lapsed.
- (ii) Pertains to the deferred consideration milestone C & D performance rights granted to John Downie in May 2019 as part of the acquisition of QPM Tech Project Pty Ltd by QPM. These were not disclosed in the prior year accounts. The vesting end date is 42 months from the grant date. Milestone C rights lapsed in the current year.
- (iii) 6,000,000 performance rights were granted to Duane Woodbury in the prior year as part of his consultancy service agreement. 12,000,000 performance rights were granted on 1 July 2021 as part of his employment agreement. The milestones associated with the performance rights are disclosed in section F share-based Compensation, Performance Rights below. The initial target date for milestone 6 was not met, as such 500,000 rights lapsed.
- (iv) 19,250,000 performance rights were granted in the prior year as part of John Khoo's consultancy service agreement. Milestones 1-3 vested in the prior year and as such, 4,500,000 performance rights were issued. During the current year, the initial target date of milestone 6 was not met and milestone 5 was not achieved, resulting in 1,250,000 and 3,750,000 rights lapsing, respectively.
- (v) 3,000,000 performance rights were granted to Barry Sanders in the prior year before he was considered a member of key management personnel. The Completion of DFS milestone was not met during the year and as such 1,500,000 rights lapsed.

### G Equity Instruments Issued on Exercise of Remuneration Options

10,000,000 options expiring on 21 May 2022 were exercised during the year.

### H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2022 (2021: nil).

### I Other Transactions with KMP

There were no other transactions with KMP during the year ended 30 June 2022 (2021: nil).

### End of Audited Remuneration Report.

### Corporate Governance - Diversity measurable

The Company has not yet set measurable objectives for achieving gender diversity. The Company is currently not of a size that justifies the establishment of measurable diversity objectives. As the Company develops, the Board will seek to develop a reporting framework in the future to report the Company's progress against the objectives and strategies for achieving a diverse workplace which can be used as a guide to be used by the Company to identify new Directors, senior executives and employees.

Full details of the Company's Diversity Policy can be found on the Corporate Governance page of the Company's website.

### SHARES UNDER OPTION

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

21,000,000 unlisted options expiring 2 August 2023, exercisable at 11.6 cents.

1,000,000 unlisted options expiring 2 August 2024, exercisable at 15 cents.

10,000,000 unlisted options expiring 25 September 2023, exercisable at 3 cents.

8,100,000 unlisted options expiring 17 December 2022, exercisable at 3 cents.

2,000,000 unlisted options expiring 30 November 2024, exercisable at 2.75 cents.

## Directors' Report

### PERFORMANCE RIGHTS

At the date of this report there were the following performance rights outstanding:

16,500,000 Milestones 1 to 4 Performance rights.

11,550,000 Milestone 6 Performance rights.

21,750,000 Milestone 7 Performance rights.

### SHARES ISSUED ON EXERCISE OF OPTIONS

32,500,000 ordinary shares of the Company were issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

### ENVIRONMENTAL REGULATIONS

The company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

### INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

### OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF BDO AUDIT (WA) PTY LTD.

There are no officers of the company who are former partners BDO Audit (WA) Pty Ltd.

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and included within these financial statements.

## Directors' Report

### NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor amounted to \$18,655 (2021: \$26,148).

The Board of Directors has considered the position and is satisfied that the provision of the 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 auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

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

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



**Stephen Grocott**  
**Managing Director**  
29 September 2022

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

As lead auditor of Queensland Pacific Metals for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue  
Director

BDO Audit (WA) Pty Ltd  
Perth  
29 September 2022

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2022

|   | Note | 2022<br>\$          | 2021<br>\$          |
|---|------|---------------------|---------------------|
| <b>Revenue from continuing operations</b>   |      |                     |                     |
| Other Income  | 4    | 2,238,938           | 695,954             |
| Grant Income  | 4a   | 373,842             | 2,020,048           |
| <b>Expenses</b>   |      |                     |                     |
| TECH Project expenses   |      | (31,814,934)        | (8,938,705)         |
| Consulting and legal fees   |      | (743,627)           | (665,262)           |
| Directors fees  |      | (647,612)           | (313,165)           |
| Employee benefits   | 5    | (4,365,093)         | (746,071)           |
| Compliance and regulatory expenses  |      | (624,997)           | (317,692)           |
| Professional fees   |      | (281,749)           | (195,984)           |
| Insurance   |      | (74,917)            | (30,714)            |
| Rent and office expenses  |      | (82,378)            | (7,794)             |
| Other expenses  |      | (366,668)           | (460,344)           |
| Share based payments  | 17   | (316,229)           | (2,304,408)         |
| Impairment of exploration assets  | 10   | (1,155,372)         | -                   |
| Depreciation  |      | (39,822)            | (11,363)            |
| Amortisation  |      | (121,802)           | (70,316)            |
| Financing expenses  |      | (31,898)            | (153,720)           |
| <b>Loss from continuing operations before income tax</b>  |      | <b>(38,054,319)</b> | <b>(11,499,536)</b> |
| Income tax expense  | 6    | -                   | -                   |
| <b>Loss from continuing operations after income tax</b>   |      | <b>(38,054,319)</b> | <b>(11,499,536)</b> |
| <b>Other comprehensive loss</b>   |      |                     |                     |
|   |      | -                   | -                   |
| <b>Total other comprehensive loss for the year, net of tax</b>  |      | <b>(38,054,319)</b> | <b>(11,499,536)</b> |
| <b>Total comprehensive loss for the year ended is attributable to owners of Queensland Pacific Metals Limited</b> |      |                     |                     |
|   |      | <b>(38,054,319)</b> | <b>(11,499,536)</b> |
| <b>Total comprehensive loss for the year ended is attributable to Non-controlling interest</b>                    |      |                     |                     |
|   |      | -                   | -                   |
|   |      | <b>(38,054,319)</b> | <b>(11,499,536)</b> |
| <b>Loss per share for the year attributable to the members of Queensland Pacific Metals Limited:</b>              |      |                     |                     |
| Basic loss per share (cents)  | 7    | (3.28)              | (1.25)              |
| Diluted loss per share (cents)  | 7    | (3.28)              | (1.25)              |

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

## Consolidated Statement of Financial Position

As at 30 June 2022

|                                      | Note | 2022<br>\$        | 2021<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |
| <b>Current assets</b>                |      |                   |                   |
| Cash and cash equivalents            | 8    | 31,382,958        | 17,745,422        |
| Other receivables                    | 9    | 1,352,087         | 446,708           |
| <b>Total current assets</b>          |      | <b>32,735,045</b> | <b>18,192,130</b> |
| <b>Non-current assets</b>            |      |                   |                   |
| Exploration and evaluation assets    | 10   | 145,889           | 1,160,346         |
| Plant and equipment                  |      | 300,353           | 85,053            |
| Right of use asset                   | 14   | 599,757           | 372,744           |
| <b>Total non-current assets</b>      |      | <b>1,045,999</b>  | <b>1,618,143</b>  |
| <b>Total assets</b>                  |      | <b>33,781,044</b> | <b>19,810,273</b> |
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>Current liabilities</b>           |      |                   |                   |
| Trade and other payables             | 11   | 6,855,596         | 2,535,650         |
| Employee entitlements                | 12   | 321,571           | 16,728            |
| Borrowings                           | 13   | -                 | 1,000,000         |
| Lease liabilities                    | 14   | 149,111           | 63,936            |
| <b>Total current liabilities</b>     |      | <b>7,326,278</b>  | <b>3,616,314</b>  |
| <b>Non-current liabilities</b>       |      |                   |                   |
| Lease liabilities                    | 14   | 461,777           | 320,503           |
| <b>Total non-current liabilities</b> |      | <b>461,777</b>    | <b>320,503</b>    |
| <b>Total liabilities</b>             |      | <b>7,788,055</b>  | <b>3,936,817</b>  |
| <b>Net assets</b>                    |      | <b>25,992,989</b> | <b>15,873,456</b> |
| <b>EQUITY</b>                        |      |                   |                   |
| Contributed equity                   | 15   | 86,366,328        | 38,508,705        |
| Reserves                             | 16   | 6,894,697         | 6,578,468         |
| Accumulated losses                   |      | (67,268,036)      | (29,213,717)      |
| <b>Total equity</b>                  |      | <b>25,992,989</b> | <b>15,873,456</b> |

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

## Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2022

|   | Note | Issued<br>Capital<br>\$ | Share-based<br>Payment<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$         |
|---|------|-------------------------|---|-----------------------------|---------------------|
| <b>At 1 July 2021</b>   |      | <b>38,508,705</b>       | <b>6,578,468</b>                        | <b>(29,213,717)</b>         | <b>15,873,456</b>   |
| Loss for the period   |      | -                       | -                                       | (38,054,319)                | (38,054,319)        |
| Other comprehensive income for the year,<br>net of tax                |      | -                       | -                                       | -                           | -                   |
| <b>Total comprehensive income/(loss) for<br/>the period after tax</b> |      | <b>-</b>                | <b>-</b>                                | <b>(38,054,319)</b>         | <b>(38,054,319)</b> |
| <b>Transactions with owners in their<br/>capacity as owners:</b>      |      |                         |   |                             |                     |
| Shares issued   | 15   | 49,347,349              | -                                       | -                           | 49,347,349          |
| Share issue costs   | 15   | (2,464,727)             | -                                       | -                           | (2,464,727)         |
| Share-based payments  |      | -                       | 316,229                                 | -                           | 316,229             |
| Exercise of options   | 15   | 975,000                 | -                                       | -                           | 975,000             |
| <b>At 30 June 2022</b>  |      | <b>86,366,328</b>       | <b>6,894,697</b>                        | <b>(67,268,036)</b>         | <b>25,992,989</b>   |
| <b>At 1 July 2020</b>   |      | <b>14,640,840</b>       | <b>3,995,047</b>                        | <b>(17,714,181)</b>         | <b>921,706</b>      |
| Loss for the period   |      | -                       | -                                       | (11,499,536)                | (11,499,536)        |
| Other comprehensive income for the year,<br>net of tax                |      | -                       | -                                       | -                           | -                   |
| <b>Total comprehensive income/(loss) for<br/>the period after tax</b> |      | <b>-</b>                | <b>-</b>                                | <b>(11,499,536)</b>         | <b>(11,499,536)</b> |
| <b>Transactions with owners in their<br/>capacity as owners:</b>      |      |                         |   |                             |                     |
| Shares issued   |      | 24,400,000              | -                                       | -                           | 24,400,000          |
| Share issue costs   |      | (1,434,758)             | 279,013                                 | -                           | (1,155,745)         |
| Share-based payments  |      | 20,623                  | 2,304,408                               | -                           | 2,325,031           |
| Exercise of options   |      | 882,000                 | -                                       | -                           | 882,000             |
| <b>At 30 June 2021</b>  |      | <b>38,508,705</b>       | <b>6,578,468</b>                        | <b>(29,213,717)</b>         | <b>15,873,456</b>   |

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



## Consolidated Statement of Cash Flows

For the Financial Year ended 30 June 2022

|   | Note | 2022<br>\$          | 2021<br>\$         |
|---|------|---------------------|--------------------|
| <b>Cash flows from operating activities</b>                   |      |                     |                    |
| Payments to suppliers and employees                           |      | (3,140,000)         | (2,139,118)        |
| Payment for costs relating to the Tech Project                |      | (34,538,547)        | (7,638,554)        |
| Interest and finance costs paid                               |      | (61,986)            | -                  |
| Interest received   |      | 5,658               | 2,869              |
| Receipts from customers                                       |      | 31,809              | -                  |
| R&D tax offset received                                       |      | 2,199,832           | 670,655            |
| Grant income received   |      | 373,842             | 968,496            |
| GST recovered   |      | 2,427,709           | -                  |
| <b>Net cash used in operating activities</b>                  | 8(a) | <b>(32,701,683)</b> | <b>(8,135,652)</b> |
| <b>Cash flows used in investing activities</b>                |      |                     |                    |
| Payment of exploration activities capitalised                 |      | (140,917)           | (82,379)           |
| Payments for PPE  |      | (255,123)           | (96,416)           |
| <b>Net cash used in investing activities</b>                  |      | <b>(396,040)</b>    | <b>(178,795)</b>   |
| <b>Cash flows from financing activities</b>                   |      |                     |                    |
| Proceeds from the issue of shares                             |      | 49,347,349          | 24,400,000         |
| Share issue costs   |      | (2,464,727)         | (1,155,745)        |
| Proceeds from the exercise of options                         |      | 975,000             | 882,000            |
| Proceeds from borrowings                                      |      | -                   | 1,220,421          |
| Repayment of borrowings                                       |      | (1,000,000)         | (630,394)          |
| Payment relating to finance costs                             |      | (22,446)            | (147,991)          |
| Payment relating to office lease                              |      | (99,917)            | (65,100)           |
| <b>Net cash from financing activities</b>                     |      | <b>46,735,259</b>   | <b>24,503,191</b>  |
| <b>Net increase in cash and cash equivalents</b>              |      | <b>13,637,536</b>   | <b>16,188,744</b>  |
| <b>Cash and cash equivalents at the beginning of the year</b> |      | <b>17,745,422</b>   | <b>1,556,678</b>   |
| <b>Cash and cash equivalents at the end of the year</b>       | 8    | <b>31,382,958</b>   | <b>17,745,422</b>  |

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

## Notes to the Consolidated Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting Entity

Queensland Pacific Metals Limited (referred to as the “Company”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “Consolidated Entity” or the “Group”).

#### (b) Basis of Preparation

##### ***Statement of compliance***

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”). Queensland Pacific Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 29 September 2022.

##### ***Basis of measurement***

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

##### ***Parent entity information***

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 21.

#### (c) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (d) Principles of Consolidation

##### ***Subsidiaries***

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Queensland Pacific Metals Limited (‘Company’ or ‘parent entity’) as at 30 June 2022 and the results of all subsidiaries for the year then ended. Queensland Pacific Metals Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

## Notes to the Consolidated Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (e) Principles of Consolidation (cont.)

The acquisition method of accounting is used to account for business combinations by the consolidated entity. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

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

#### (f) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. Management has determined that based on the report reviewed by the Board and used to make strategic decisions, that the entity has three reportable segments.

#### (g) Interest Recognition

##### *Interest revenue*

Interest revenue is recognised as it accrues, using the effective interest method.

#### (h) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period'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.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## Notes to the Consolidated Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (i) Exploration and evaluation expenditure

##### *Exploration and evaluation assets acquired*

Exploration and evaluation assets comprise of acquisition of mineral rights and fair value (at acquisition date) of exploration and expenditure assets from other entities. As the assets are not yet ready for use, they are not depreciated. Exploration and evaluation assets are assessed for impairment if facts or circumstances suggest that the carrying amount exceeds the recoverable amount.

##### *Exploration and evaluation assets*

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

#### (j) Asset Acquisition not constituting a Business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for the deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

#### (k) Cash and Cash Equivalents

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

#### (l) Other Receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### (m) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### (n) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Company. Trade payables are usually settled within 30 days of recognition.

## Notes to the Consolidated Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (o) Share-based Payments

Equity-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and service providers in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### (p) Grant Income

Government grants are recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received.

#### (q) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

## Notes to the Consolidated Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (r) Earnings Per Share

##### **Basic earnings per share**

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

##### **Diluted earnings per share**

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

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### (s) Goods and Services Tax ("GST")

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

#### (t) Current and Non-Current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### (u) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

## Notes to the Consolidated Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (v) Other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

Typically, such financial assets will be either:

- i) Held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative, or
- ii) Designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

#### *Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

#### (w) Leases

For leases longer than a term of 1 year, a lease liability will be recognised based on the discounted payments under the lease. The lease liability is measured with reference to an estimate of the lease term and an implicit discount rate. The cost model will be used to recognise the Right of Use Asset and amortise it over the expected term of the lease.

## Notes to the Consolidated Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (x) Borrowings

In the previous year, the Company entered into a loan facility for \$1 million. \$1 million was borrowed in February 2021, repayable upon the receipt of the tax refund from the Australian Taxation Office for the research and development tax incentive offset for the financial year ended 30 June 2021 or 15 November 2021. On 15 November 2021, the Company fully repaid the balance through the funds received for the 2021 R&D tax offset. Interest was fixed at 12.5% per annum payable monthly until the repayment of the loan.

#### (y) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has assessed that the impact of new or amended Accounting Standards and Interpretations will not be significant.

### NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management, which it believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Share-based payments

The consolidated entity measures the cost of equity-settled transactions with employees and service providers 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 an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. The assumptions and models used for estimating the fair value of share-based payments transactions are disclosure in Note 17.

#### Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.



## Notes to the Consolidated Financial Statements

### NOTE 3 SEGMENT INFORMATION

The Group operates three reportable segments being predominately in the area of mineral exploration in Queensland and the Tech project in Queensland. Results of the three 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 | QPM Energy | Total        |
|--------------------------------|-------------|-------------|--------------|------------|--------------|
| <b>Year Ended 30 June 2022</b> |             |             |              |            |              |
| Other income                   | 31,770      | -           | 2,581,010    | -          | 2,612,780    |
| Result (loss)                  | (7,646,273) | (1,155,372) | (29,233,924) | (18,750)   | (38,054,319) |
| Total assets                   | 28,829,140  | 145,889     | 4,804,040    | 1,975      | 33,781,044   |
| Total liabilities              | (1,579,808) | -           | (6,187,622)  | (20,625)   | (7,788,055)  |
| <b>Year Ended 30 June 2021</b> |             |             |              |            |              |
| Other income                   | 24,869      | -           | 2,691,133    | -          | 2,716,002    |
| Result (loss)                  | (5,251,963) | -           | (6,247,573)  | -          | (11,499,536) |
| Total assets                   | 18,168,677  | 1,160,346   | 481,250      | -          | 19,810,273   |
| Total liabilities              | (851,822)   | -           | (3,084,995)  | -          | (3,936,817)  |

### NOTE 4 REVENUE AND OTHER INCOME

|   | 2022             | 2021    |
|---|------------------|---------|
|   | \$               | \$      |
| <b>Revenue from continuing operations</b> |                  |         |
| <i>Other income</i>                       |                  |         |
| Interest received                         | 5,661            | 2,594   |
| Reimbursements                            | -                | 22,705  |
| R&D tax offset                            | 2,206,967        | 670,655 |
| Gain on termination of lease              | 26,310           | -       |
|   | <b>2,238,938</b> | 695,954 |

### NOTE 4a REVENUE AND OTHER INCOME

|                     | 2022           | 2021      |
|---------------------|----------------|-----------|
|                     | \$             | \$        |
| <b>Grant income</b> |                |           |
| CRC grant income*   | 373,842        | 2,020,048 |
|                     | <b>373,842</b> | 2,020,048 |

\*During the year \$373,842 had been received by Queensland Pacific Metals (2021: \$968,496) for the ongoing feasibility work for the TECH Project. \$373,842 was recognised as income as at 30 June 2022 (2021: \$2,020,048), having been spent on eligible expenditure.

### NOTE 5 EMPLOYEE BENEFITS

|                     | 2022             | 2021    |
|---------------------|------------------|---------|
|                     | \$               | \$      |
| Salaries and wages  | 4,000,596        | 657,104 |
| Share-based payment | -                | 20,623  |
| Superannuation      | 364,497          | 68,344  |
|                     | <b>4,365,093</b> | 746,071 |

## Notes to the Consolidated Financial Statements

### NOTE 6 INCOME TAX

|   | 2022                | 2021         |
|---|---------------------|--------------|
|   | \$                  | \$           |
| <b>(a) The components of tax expense comprise:</b>  |                     |              |
| Current tax   | -                   | -            |
| Deferred tax  | -                   | -            |
| Income tax expense reported in the of profit or loss and other comprehensive income   | -                   | -            |
| <br><b>(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:</b> |                     |              |
| Loss before income tax expense  | <b>(38,054,319)</b> | (11,499,533) |
| Prima facie tax benefit on loss before income tax at 30% (2021: 30%)  | <b>(11,416,296)</b> | (3,449,860)  |
|   | <hr/>               | <hr/>        |
| Tax effect of:  |                     |              |
| Non-deductible expenses   | <b>(212,616)</b>    | 3,039,767    |
| Tax losses and temporary differences not brought to account   | <b>11,628,912</b>   | 410,093      |
| Deferred tax assets not brought to account  | -                   | -            |
| Total   | <hr/>               | <hr/>        |
|   | -                   | -            |
| <br><i>Tax losses not recognised</i>  |                     |              |
| Unused tax losses for which no deferred tax asset has been recognised   | <b>53,552,953</b>   | 10,413,448   |
| Potential tax benefit at 30%  | <b>16,065,886</b>   | 3,124,034    |
|   | <hr/>               | <hr/>        |

Queensland Pacific Metals Limited does not currently recognise any deferred tax asset arising from carried forward tax losses. The estimated potential deferred tax asset at 30% (2021: 30%) not brought to account which is attributable to tax losses carried forward at 30 June 2022 is \$16,065,886 (2021: \$3,124,034).

### NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

|  | 2022                 | 2021         |
|--|----------------------|--------------|
| Net loss for the year (\$)   | <b>(38,054,319)</b>  | (11,499,536) |
| Weighted average number of ordinary shares for basic and diluted loss per share. | <b>1,158,740,212</b> | 917,811,635  |
| <br><b>Continuing operations</b>   |                      |              |
| - Basic and diluted loss per share (cents)                                       | <b>(3.28)</b>        | (1.25)       |

## Notes to the Consolidated Financial Statements

### NOTE 8 CASH AND CASH EQUIVALENTS

|                          | 2022<br>\$        | 2021<br>\$        |
|--------------------------|-------------------|-------------------|
| Cash at bank and in hand | 31,183,556        | 17,685,422        |
| Restricted cash*         | 199,402           | 60,000            |
|                          | <b>31,382,958</b> | <b>17,745,422</b> |

Cash at bank earns interest at floating rates based on daily deposit rates.

The Company's exposure to interest rate and credit risks is disclosed in Note 19.

\*Restricted cash is the cash held as security against the company's short-term lending facilities.

#### (a) Reconciliation of net loss after tax to net cash flows from operations

|  |                     |                    |
|--|---------------------|--------------------|
| Loss for the financial year                      | (38,054,319)        | (11,499,536)       |
| <i>Adjustments for:</i>                          |                     |                    |
| Finance expense                                  | -                   | 153,720            |
| Impairment of asset                              | 1,155,372           | -                  |
| Share based payments                             | 316,229             | 2,304,408          |
| Amortisation                                     | 121,802             | 70,316             |
| Depreciation                                     | 39,822              | 11,363             |
| Shares issued in lieu of cash                    | -                   | 20,623             |
| <i>Changes in assets and liabilities</i>         |                     |                    |
| (Increase)/ decrease in other receivables        | (910,379)           | (373,443)          |
| Increase/ (decrease) in trade and other payables | 4,324,947           | 1,160,169          |
| Increase/ (decrease) in provisions               | 304,843             | 16,728             |
| <b>Net cash used in operating activities</b>     | <b>(32,701,684)</b> | <b>(8,135,652)</b> |

#### (b) Non-cash investing and financing activities

|   | 2022<br>\$     | 2021<br>\$     |
|---|----------------|----------------|
| Additions to right of use assets (note 11(d)) | 669,497        | 395,446        |
|   | <b>669,497</b> | <b>395,446</b> |

Changes in liabilities arising from financing activities

|  | Loans<br>\$ | Lease<br>Liability<br>\$ | Total<br>\$ |
|--|-------------|--------------------------|-------------|
| Consolidated                                 |             |                          |             |
| Balance at 30 June 2020                      | 147,991     | 5,729                    | 153,720     |
| Acquisition of leases                        | -           | 395,446                  | 395,446     |
| Interest                                     | 147,991     | 5,729                    | 153,720     |
| Net cash from/(used in) financing activities | 442,036     | (65,100)                 | 376,936     |
| Balance at 30 June 2021                      | 1,000,000   | 384,439                  | 1,384,439   |
| Acquisition of leases                        | -           | 321,056                  | 321,056     |
| Interest                                     | 31,898      | 22,446                   | 54,344      |
| Net cash from/(used in) financing activities | (1,031,898) | (117,053)                | (1,148,951) |
| Balance at 30 June 2022                      | -           | 610,888                  | 610,888     |

## Notes to the Consolidated Financial Statements

### NOTE 9 OTHER RECEIVABLES

|                                | 2022             | 2021           |
|--------------------------------|------------------|----------------|
|                                | \$               | \$             |
| GST receivable                 | 1,085,468        | 346,341        |
| Other deposits and receivables | 29,171           | 77,191         |
| Prepayments                    | 237,448          | 23,176         |
|                                | <u>1,352,087</u> | <u>446,708</u> |

The Company did not recognise any loss in the profit or loss in respect of expected credit losses for the year ended 30 June 2022 and 30 June 2021.

### NOTE 10 EXPLORATION AND EVALUATION

|  | 2022           | 2021             |
|--|----------------|------------------|
|  | \$             | \$               |
| Opening balance                                      | 1,160,346      | 1,077,967        |
| Additions capitalised during the period              | 140,915        | 82,379           |
| Impairment of capitalised expenditure <sup>(i)</sup> | (1,155,372)    | -                |
|  | <u>145,889</u> | <u>1,160,346</u> |

- (i) An impairment expense of \$1,155,372 was incurred in the year ended 30 June 2022. During the year ended 30 June 2022, the decision was made by management to not renew the Serpentinite tenement held by QPM Technology Pty Ltd. Under AASB 6 this required the capitalised expenditure and the fair value of the initial acquisition under AASB 3 to be impaired at 30 June 2022.

### NOTE 11 TRADE AND OTHER PAYABLES

|                               | 2022             | 2021             |
|-------------------------------|------------------|------------------|
|                               | \$               | \$               |
| Trade payables <sup>(i)</sup> | 5,145,475        | 1,711,790        |
| Accrued expenses              | 1,477,670        | 503,983          |
| Other payables                | 232,451          | 319,877          |
|                               | <u>6,855,596</u> | <u>2,535,650</u> |

- (i) Trade payables are non-interest bearing and are normally settled on 60-day terms.  
(ii) Refer to note 19 for further information on financial instruments.

### NOTE 12 EMPLOYEE ENTITLEMENTS

|                        | 2022           | 2021          |
|------------------------|----------------|---------------|
|                        | \$             | \$            |
| Annual leave provision | 321,571        | 16,728        |
|                        | <u>321,571</u> | <u>16,728</u> |

### NOTE 13 LOANS AND BORROWINGS

|                         | 2022        | 2021             |
|-------------------------|-------------|------------------|
|                         | \$          | \$               |
| <b>Current</b>          |             |                  |
| R&D tax prepayment loan | -           | 1,000,000        |
|                         | <u>-</u>    | <u>1,000,000</u> |
| Opening balance         | 1,000,000   | 409,973          |
| Draw down               | -           | 1,222,241        |
| Repayment               | (1,000,000) | (632,214)        |
| Closing balance         | <u>-</u>    | <u>1,000,000</u> |

## Notes to the Consolidated Financial Statements

### NOTE 13 LOANS AND BORROWINGS (CONT.)

In the previous year, the Company entered into a loan facility for \$1 million. \$1 million was borrowed in February 2021, repayable upon the receipt of the tax refund from the Australian Taxation Office for the research and development tax incentive offset for the financial year ended 30 June 2021 or 15 November 2021. On 15 November 2021, the Company fully repaid the balance through the funds received for the 2021 R&D tax offset. Interest was fixed at 12.5% per annum payable monthly until the repayment of the loan.

### NOTE 14 RIGHT OF USE ASSET AND LEASE LIABILITY

|                                  | 2022      | 2021     |
|----------------------------------|-----------|----------|
|                                  | \$        | \$       |
| <b>Right of Use asset</b>        |           |          |
| Property                         |           |          |
| At 1 July                        | 372,744   | 47,614   |
| Lease modification               | 20,757    | -        |
| Lease de-recognised (terminated) | (341,439) | -        |
| New leases entered               | 669,497   | 395,446  |
| Amortisation                     | (121,802) | (70,316) |
| At 30 June                       | 599,757   | 372,744  |

The amount of amortisation recognised in the consolidated statement of profit or loss was \$121,802 (2021: \$70,316).

|                                  | 2022      | 2021     |
|----------------------------------|-----------|----------|
|                                  | \$        | \$       |
| <b>Lease liability</b>           |           |          |
| Property                         |           |          |
| At 1 July                        | 384,439   | 48,364   |
| Lease modification               | 20,757    | -        |
| Lease de-recognised (terminated) | (369,198) | -        |
| New leases entered               | 669,497   | 395,446  |
| Lease payments                   | (117,053) | (65,100) |
| Interest                         | 22,446    | 5,729    |
| At 30 June                       | 610,888   | 384,439  |

The total cash outflow for the leases was \$117,053 (2021: \$65,100).

### NOTE 15 CONTRIBUTED EQUITY

#### (a) Issued and fully paid

|                 | 2022       |               | 2021       |               |
|-----------------|------------|---------------|------------|---------------|
|                 | \$         | No.           | \$         | No.           |
| Ordinary shares | 86,366,328 | 1,563,613,131 | 38,508,705 | 1,201,847,575 |

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

#### (b) Movement reconciliation

|   | Number      | \$         |
|---|-------------|------------|
| <b>1 July 2020</b>                                      | 628,171,793 | 14,640,840 |
| Shares issued in lieu of services provided <sup>^</sup> | 942,448     | 20,623     |
| Placement of shares (net of costs)                      | 293,333,334 | 3,834,442  |

## Notes to the Consolidated Financial Statements

### NOTE 15 CONTRIBUTED EQUITY (CONT.)

|                                    |                      |                   |
|------------------------------------|----------------------|-------------------|
| Share purchase plan (net of costs) | 250,000,000          | 19,130,800        |
| Conversion of unlisted options     | 29,400,000           | 882,000           |
| <b>At 30 June 2021</b>             | <b>1,201,847,575</b> | <b>38,508,705</b> |
| <b>1 July 2021</b>                 | <b>1,201,847,575</b> | <b>38,508,705</b> |

|   |                      |                   |
|---|----------------------|-------------------|
| Placement of shares (net of costs)            | 329,265,556          | 46,887,386        |
| Conversion of unlisted options (net of costs) | 32,500,000           | 970,237           |
| <b>At 30 June 2022</b>                        | <b>1,563,613,131</b> | <b>86,366,328</b> |

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

### NOTE 16 RESERVES

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | \$               | \$               |
| Share-based payment reserve                 | 6,578,468        | 3,995,047        |
|   | <b>6,578,468</b> | <b>3,995,047</b> |
| <b>Share-based payment reserve</b>          |                  |                  |
| <b>Balance at the beginning of the year</b> | <b>6,578,468</b> | 3,995,047        |
| Options <sup>(i)</sup>                      | 243,228          | 2,115,421        |
| Performance rights <sup>(i)</sup>           | 73,001           | 468,000          |
| <b>Balance at the end of the year</b>       | <b>6,894,697</b> | 6,578,468        |

(i) Refer to note 17

#### Share-based payment reserve

The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

### NOTE 17 SHARE-BASED PAYMENTS

|   | 2022           | 2021             |
|---|----------------|------------------|
|   | \$             | \$               |
| <b>(a) Recognised share-based payment transactions</b>                          |                |                  |
| Options - advisors  | -              | 279,013          |
| Options - director <sup>(i)</sup>   | 243,228        | 88,184           |
| Options – corporate advisory services   | -              | 1,748,224        |
| Shares – CEO (note 15)  | -              | 20,623           |
| Performance rights – milestones 1 – 3   | -              | 468,000          |
| Performance rights – ore supply and export approval milestones <sup>(iii)</sup> | 65,001         | -                |
| Performance rights –ERP milestone <sup>(iii)</sup>                              | 8,000          | -                |
|   | <b>316,229</b> | <b>2,604,044</b> |

(i) Options – director

On 24 September 2021, Sharna Glover and John Abbott were appointed as non-executive director of the Company. As part of the terms of their appointment, Mrs Glover and Mr Abbott were each granted 1,000,000 options, with a 3-year

## Notes to the Consolidated Financial Statements

### NOTE 17 SHARE-BASED PAYMENTS (CONT.)

term and exercise price of \$0.275, upon commencement of their role. The total value of the options is \$243,228. The options were subject to shareholder approval which was received on 23 November 2021. The inputs used in the Black Scholes model to value the options are:

|                       |                   |
|-----------------------|-------------------|
| Agreement date        | 24 September 2021 |
| Accounting grant date | 23 November 2021  |
| Share price           | \$0.205           |
| Expected volatility   | 106.90%           |
| Dividend yield        | 0%                |
| Risk free rate        | 0.19%             |

#### (ii) Performance rights – ore supply and export approval milestones

As announced to ASX on 1 March 2022, the Company entered into a binding ore supply agreement with Societe Le Nickel (SLN), a subsidiary of Eramet group, for up to 1,000,000 wmt of nickel ore per annum to QPM. The execution of the agreement and New Caledonian Government approval follows on from the Memorandum of understanding (“MOU”) entered into between SLN and QPM in April 2021. Accordingly, the commercial agreement milestone relating to increasing security of ore supply was achieved on 1 March 2022, resulting in the vesting of 170,000 performance rights. The fair value of the performance rights is based on the share price on grant date.

|          | No. Rights | Grant date | Fair value<br>\$ | Expense<br>\$ |
|----------|------------|------------|------------------|---------------|
| Employee | 250,000    | 11/10/2021 | 0.26             | 65,001        |
|          |            |            |                  | 65,001        |

#### (iii) Performance rights – Software implementation (phase 1) milestone

During January 2022, the Company had migrated to a new accounting software program. As part of the implementation process, the accounts payable, purchasing and payroll modules had been finalised. Accordingly, 50,000 performance rights vested upon this milestone being satisfied. The fair value of the performance rights is based on the share price on grant date.

|          | No. Rights | Grant date | Fair value<br>\$ | Expense<br>\$ |
|----------|------------|------------|------------------|---------------|
| Employee | 50,000     | 01/07/2021 | 0.16             | 8,000         |
|          |            |            |                  | 8,000         |

## Notes to the Consolidated Financial Statements

### NOTE 17 SHARE-BASED PAYMENTS (CONT.)

#### (a) Summary of Options

| Options                           | Grant Date | Date of Expiry | Exercise Price | Balance at the start of the year | Granted during the year | Exercised during the year | Expired during the year | Balance at the end of the year |
|-----------------------------------|------------|----------------|----------------|----------------------------------|-------------------------|---------------------------|-------------------------|--------------------------------|
| Previous directors <sup>(i)</sup> | 30/11/2017 | 21/12/2022     | 0.03           | 20,600,000                       | -                       | (14,500,000)              | -                       | 6,100,000                      |
| Directors <sup>(ii)</sup>         | 1/5/2019   | 21/05/2022     | 0.03           | 12,000,000                       | -                       | (10,000,000)              | -                       | 2,000,000                      |
| 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 <sup>(iii)</sup>         | 23/11/2021 | 24/11/2024     | 0.28           | 0                                | 2,000,000               | -                         | -                       | 2,000,000                      |
| <b>Total</b>                      |            |                |                | <b>72,600,000</b>                | <b>2,000,000</b>        | <b>(32,500,000)</b>       | <b>-</b>                | <b>42,100,000</b>              |
| Vested and exercisable            |            |                |                |                                  |                         |                           |                         | <b>42,100,000</b>              |

- (i) Options held by directors who were previously members of the QPM board and resigned during the 2018 and 2021 financial years were exercised during the year.
- (ii) The options were exercised in May 2021 by a current director.
- (iii) 1,000,000 options were granted to Sharna Glover and John Abbott each upon their appointment with the Company as Non-Executive Directors.



## Notes to the Consolidated Financial Statements

### NOTE 17 SHARE-BASED PAYMENTS (CONT.)

#### (b) Summary of performance rights

| Milestone  | Grant date               | Fair value<br>\$ | Completion Date        | Opening    | Granted during the<br>period | Lapsed    | Closing   | Vested/<br>exercisable |
|--|--------------------------|------------------|------------------------|------------|------------------------------|-----------|-----------|------------------------|
| <b>(Milestone 1):</b> 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. | 15/12/2020<br>21/07/2020 | 0.02<br>0.04     | n/a                    | 3,750,000  | -                            | -         | 3,750,000 | 3,750,000              |
| <b>(Milestone 2):</b> 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.  | 15/12/2020<br>21/07/2020 | 0.02<br>0.04     | n/a                    | 7,500,000  | -                            | -         | 7,500,000 | 7,500,000              |
| <b>(Milestone 3):</b> 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.  | 15/12/2020<br>21/07/2020 | 0.02             | n/a                    | 2,250,000  | -                            | -         | 2,250,000 | 2,250,000              |
| <b>(Milestone 4):</b> 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.                 | 15/12/2020<br>21/07/2020 | 0.02<br>0.04     | n/a                    | 3,000,000  | -                            | -         | 3,000,000 | -                      |
| <b>(Milestone 5):</b> Completion of a finalised, signed off Bankable or Definitive Feasibility Study (DFS) for the TECH Project.   | 16/05/2021               | 0.04             | 16 May 21 to 31 Dec 21 | 7,500,000  | -                            | 3,250,000 | -         | -                      |
|  | 15/12/2020               | 0.03             | 1 Jan 22 to 30 Jun 22  | 3,750,000  | 500,000                      | 4,250,000 | -         | -                      |
| <b>(Milestone 6):</b> Obtain all regulatory approvals  | 15/12/2020<br>21/07/2020 | 0.03<br>0.04     | On or before 15 May 22 | 11,250,000 | 2,300,000                    | 4,300,000 | 9,250,000 | -                      |

| Milestone  | Grant date   | Fair value \$  | Completion Date        | Opening    | Granted during the period | Lapsed  | Closing    | Vested/ exercisable |
|--|--|--|------------------------|------------|---------------------------|---------|------------|---------------------|
| required to build the TECH Project.  | 01/05/2021<br>01/07/2021<br>15/12/2020<br>21/07/2020   | 0.14<br>0.16<br>0.03<br>0.04   | 16 May 22 to 31 Aug 22 | 7,500,000  | 1,750,000                 | -       |            | -                   |
|  | 01/05/2021<br>01/07/2021<br>15/12/2020<br>21/07/2020   | 0.14<br>0.16<br>0.03<br>0.04   | 1 Sep 22 to 30 Nov 22  | 3,750,000  | 1,200,000                 | -       |            | -                   |
| <b>(Milestone 7):</b> The Board of the Company reaches a Final Investment Decision (FID) to proceed with the construction of the TECH Project. | 21/07/2020<br>15/12/2020<br>30/03/2021<br>01/04/2021<br>01/05/2021<br>17/05/2021<br>01/07/2021<br>26/07/2021<br>13/09/2021<br>07/12/2021 | 0.04<br>0.03<br>0.08<br>0.09<br>0.14<br>0.10<br>0.16<br>0.16<br>0.16<br>0.18 | On or before 15 Nov 22 | 18,750,000 | 7,411,364                 | -       | 26,161,364 | -                   |
|  | 21/07/2020<br>15/12/2020<br>30/03/2021<br>01/04/2021<br>01/05/2021<br>17/05/2021<br>01/07/2021<br>26/07/2021<br>13/09/2021<br>07/12/2021 | 0.04<br>0.03<br>0.08<br>0.09<br>0.14<br>0.10<br>0.16<br>0.16<br>0.16<br>0.18 | 16 Nov 22 to 31 May 23 | 15,000,000 | 5,817,425                 | -       |            | -                   |
|  | 21/07/2020<br>15/12/2020<br>30/03/2021<br>01/04/2021<br>01/05/2021<br>17/05/2021<br>01/07/2021<br>26/07/2021<br>13/09/2021<br>07/12/2021 | 0.04<br>0.03<br>0.08<br>0.09<br>0.14<br>0.10<br>0.16<br>0.16<br>0.16<br>0.18 | 1 June 23 to 30 Nov 23 | 7,500,000  | 4,223,484                 | -       |            | -                   |
|  | 30/03/2021<br>01/04/2021<br>01/05/2021<br>17/05/2021<br>26/07/2021   | 0.08<br>0.09<br>0.14<br>0.10<br>0.16   | On or before 31 Dec 21 | -          | 3,300,000                 | 783,333 |            | -                   |
|  | Completion of DFS.   |  |                        |            |                           |         |            |                     |

| Milestone  | Grant date | Fair value<br>\$ | Completion Date         | Opening | Granted during the<br>period | Lapsed    | Closing   | Vested/<br>exercisable |
|--|------------|------------------|-------------------------|---------|------------------------------|-----------|-----------|------------------------|
|  | 13/09/2021 | 0.16             |                         |         |                              |           |           |                        |
|  | 03/03/2022 | 0.18             |                         |         |                              |           |           |                        |
|  | 01/04/2021 | 0.09             | On or before 31 Mar 22  | -       | 2,516,667                    | 533,334   |           | -                      |
|  | 30/03/2021 | 0.08             |                         |         |                              |           |           |                        |
|  | 01/05/2021 | 0.14             |                         |         |                              |           |           |                        |
|  | 17/05/2021 | 0.11             |                         |         |                              |           |           |                        |
|  | 26/07/2021 | 0.17             |                         |         |                              |           |           |                        |
|  | 13/09/2021 | 0.17             |                         |         |                              |           |           |                        |
|  | 03/03/2022 | 0.18             |                         |         |                              |           |           |                        |
|  | 01/04/2021 | 0.09             | On or before 30 Jun 22  | -       | 1,983,333                    | 1,983,333 | -         | -                      |
|  | 30/03/2021 | 0.08             |                         |         |                              |           |           |                        |
|  | 01/05/2021 | 0.14             |                         |         |                              |           |           |                        |
|  | 17/05/2021 | 0.11             |                         |         |                              |           |           |                        |
|  | 26/07/2021 | 0.17             |                         |         |                              |           |           |                        |
|  | 13/09/2021 | 0.17             |                         |         |                              |           |           |                        |
|  | 03/03/2022 | 0.18             |                         |         |                              |           |           |                        |
| Completion of Software implementation (Phase 1)                    | 01/07/2021 | 0.16             | On or before 31 Jan 22  | -       | 50,000                       | -         | 50,000    | 50,000                 |
|  | 01/07/2021 | 0.16             | 1 Feb 22 to 28 Feb 22   | -       | 41,667                       | -         |           | -                      |
|  | 01/07/2021 | 0.16             | 1 Mar 22 to 31 Mar 22   | -       | 33,333                       | -         |           | -                      |
| Completion of Software implementation (Phase 2)                    | 01/07/2021 | 0.16             | On or before 1 Aug 22   | -       | 5,682                        | 1,137     |           | -                      |
|  | 01/07/2021 | 0.16             | 1 Sep 22 to 1 Oct 22    | -       | 4,545                        | 1,136     |           | -                      |
|  | 01/07/2021 | 0.16             | Ongoing                 | -       | 3,409                        | 3,409     | -         | -                      |
| Completion of Software implementation (Phase 3)                    | 01/07/2021 | 0.16             | On or before 31 Mar 22  | -       | 5,682                        | 1,137     |           | -                      |
|  | 01/07/2021 | 0.16             | 1 Apr 22 to 30 Apr 22   | -       | 4,545                        | 1,136     |           | -                      |
|  | 01/07/2021 | 0.16             | Ongoing                 | -       | 3,409                        | 3,409     | -         | -                      |
| Signing of ore supply agreements                                   | 11/10/2021 | 0.26             | 11 Oct to 31 Oct 21     | -       | 130,000                      | 30,000    |           | -                      |
|  | 11/10/2021 | 0.26             | 1 Nov to 31 Dec 2021    | -       | 100,000                      | 30,000    |           | -                      |
|  | 11/10/2021 | 0.26             | Ongoing                 | -       | 70,000                       | -         | 70,000    | 70,000                 |
| Export approvals for > 1.5M wtpa granted                           | 11/10/2021 | 0.26             | 11 Oct to 31 Oct 21     | -       | 140,000                      | 30,000    |           | -                      |
|  | 11/10/2021 | 0.26             | 1 Dec 21 to 31 Jan 22   | -       | 110,000                      | 30,000    |           | -                      |
|  | 11/10/2021 | 0.26             | 1 Feb 2022 to 31 Mar 22 | -       | 80,000                       | 80,000    | -         | -                      |
| Commercial agreement relating to increasing security of ore supply | 11/10/2021 | 0.26             | On or before 31 Jan 22  | -       | 130,000                      | 30,000    |           | -                      |
|  | 11/10/2021 | 0.26             | 1 Feb 22 to 31 Mar 22   | -       | 100,000                      | 100,000   | 100,000   | 100,000                |
|  | 11/10/2021 | 0.26             | Ongoing                 | -       | 70,000                       | -         |           | -                      |
| FID to build the TECH Project                                      | 01/07/2021 | 0.10             | Ongoing                 | -       | 6,000,000                    | -         | 6,000,000 | -                      |

| Milestone  | Grant date | Fair value<br>\$ | Completion Date               | Opening | Granted during the<br>period | Lapsed     | Closing    | Vested/<br>exercisable |
|--|------------|------------------|-------------------------------|---------|------------------------------|------------|------------|------------------------|
|  | 15/05/2019 | 0.10             | On or before 15 November 2022 |         | 42,776,066                   | 21,388,033 | 21,388,033 |                        |
| Successful equity capital raising in connection with achieving FID to build the TECH Project       | 01/07/2021 | 0.10             | Ongoing                       | -       | 2,500,000                    | -          | 2,500,000  | -                      |
| Successful completion of contractual close for debt facilities in connection with the TECH Project | 01/07/2021 | 0.10             | Ongoing                       | -       | 3,500,000                    | -          | 3,500,000  | -                      |

**Apart from the above performance right milestones that vested during the year, all other milestones have been assessed as not being probable of vesting as at year-end.**

## Notes to the Consolidated Financial Statements

### NOTE 18 RELATED PARTY DISCLOSURES

#### (a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | \$               | \$               |
| Short-term benefits (note 5)            | 1,683,105        | 623,142          |
| Superannuation (note 5)                 | 151,562          | 46,849           |
| Share-based payments (note 15, note 17) | 243,228          | 486,715          |
| Other                                   | 55,330           | -                |
|   | <b>2,133,225</b> | <b>1,156,706</b> |

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

#### (b) Related Party Transactions

The following transactions occurred with related parties:

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | \$             | \$             |
| Mineral Intelligence Pty Ltd <sup>(i)</sup> | 10,500         | 42,000         |
| Itb Developments Pty Ltd <sup>(ii)</sup>    | -              | 170,063        |
| King Corporate Pty Ltd <sup>(iii)</sup>     | 60,833         | 63,333         |
| Keronga Development Pty Ltd <sup>(iv)</sup> | 80,667         | 10,950         |
|   | <b>152,000</b> | <b>286,346</b> |

- (i) In the prior year, \$36,750 in director fees were paid (\$5,250 accrued at year-end) to Mineral Intelligence Pty Ltd, a Company of which Cameron Mclean is a Director. This was not disclosed in the prior year accounts. In the current year, \$11,550 in director fees were paid for his executive services from July 2021 until his resignation in September 2021.
- (ii) In the prior year, \$170,063 in director fees were paid to Itb Developments Pty Ltd, a Company of which Stephen Grocott is a Director. This was not disclosed in the prior year accounts.
- (iii) In the prior year, \$63,333 in non-executive chairman and non-executive director fees were paid (\$5,250 accrued at year-end) to King Corporate Pty Ltd, a Company of which Eddie King is a Director. This was not disclosed in the prior year accounts.
- (iv) In the prior year, \$10,950 in non-executive director fees were paid to Keronga Development Pty Ltd, a Company of which Jim Simpson is a Director. This was not disclosed in the prior year accounts.

All transactions were on normal commercial terms.

## Notes to the Consolidated Financial Statements

### NOTE 19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Company are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Company's financial instruments are as follows:

|                             | 2022              | 2021              |
|-----------------------------|-------------------|-------------------|
|                             | \$                | \$                |
| Financial Assets            |                   |                   |
| Cash and cash equivalents   | 31,382,956        | 17,745,422        |
| Trade and other receivables | 1,352,087         | 446,708           |
|                             | <b>32,735,043</b> | <b>18,192,130</b> |
|                             |                   |                   |
|                             | 2022              | 2021              |
|                             | \$                | \$                |
| Financial Liabilities       |                   |                   |
| Trade and other payables    | 6,855,596         | 2,535,650         |
| Lease liabilities           | 610,888           | 384,439           |
| Borrowings                  | -                 | 1,000,000         |
|                             | <b>7,466,484</b>  | <b>3,920,089</b>  |

#### (a) Market risk

##### (i) Interest rate risk

The Company is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Company's exposure to this risk relates primarily to the Company's cash and any cash on deposit. The Company does not use derivatives to mitigate these exposures. The Company manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments were:

|                           | 2022                         |            | 2021             |            |
|---------------------------|------------------------------|------------|------------------|------------|
|                           | Weighted                     | Balance    | Weighted         | Balance    |
|                           | average                      | \$         | average interest | \$         |
|                           | interest rate <sup>(i)</sup> |            | rate             |            |
| Cash and cash equivalents | 0.02%                        | 31,382,956 | 0.01%            | 17,745,422 |

(i) This interest rate represents the average interest rate for the year.

## Notes to the Consolidated Financial Statements

### NOTE 19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

#### *Sensitivity*

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents due to changes in interest rates.

| Judgements of reasonably possible movements: | Profit/(loss) \$ |           |
|--|------------------|-----------|
|  | 2022             | 2021      |
| + 1.0% (100 basis points)                    | 313,830          | 177,454   |
| - 1.0% (100 basis points)                    | (313,830)        | (177,454) |

The group does not have any borrowing arrangements subject to variable interest rates.

#### **(b) Credit risk**

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and other receivables. The Group's exposure to credit risk arises from the potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- based on Standard and Poor's rating agency.

The credit risk on other receivables is limited as it is comprised of prepayments and GST recoverable from the Australian Taxation office. The credit risk on liquid funds is limited because the counter part is a bank with high credit rating. There are no receivable balances which are past due or impaired.

#### **(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The following are the contractual maturities of financial liabilities, which represent the contractual undiscounted cash flows of the Company:

## Notes to the Consolidated Financial Statements

### NOTE 19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

|                             | 6 months  | 6-12 months | 1-5 years | > 5 years | Total     |
|-----------------------------|-----------|-------------|-----------|-----------|-----------|
|                             | \$        | \$          | \$        | \$        | \$        |
| <b>2022</b>                 |           |             |           |           |           |
| Trade and other payables    | 6,855,596 | -           | -         | -         | 6,855,596 |
| Borrowings                  | -         | -           | -         | -         | -         |
| Lease liabilities           | 85,446    | 89,006      | 490,459   | -         | 664,911   |
| Total Financial Liabilities | 6,941,042 | 86,006      | 490,459   | -         | 7,520,507 |
| <b>2021</b>                 |           |             |           |           |           |
| Trade and other payables    | 2,535,650 | -           | -         | -         | 2,535,650 |
| Borrowings                  | 1,000,000 | -           | -         | -         | 1,000,000 |
| Lease liabilities           | 35,468    | 28,468      | 320,503   | -         | 384,439   |
| Total Financial Liabilities | 3,571,118 | 28,468      | 320,503   | -         | 3,920,089 |

#### (d) Capital risk management

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. New capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

### NOTE 20 COMMITMENTS

|   | 2022      | 2021   |
|---|-----------|--------|
|   | \$        | \$     |
| Exploration commitments                             |           |        |
| Within one year                                     | 38,999    | 74,000 |
| Later than one year but not later than five years   | -         | -      |
| Later than five years                               | -         | -      |
| Total   | 38,999    | 74,000 |
| Other expenditure commitments                       |           |        |
| Within one year                                     | 5,821,742 | -      |
| Later than one year but not later than five years   | -         | -      |
| Later than five years                               | -         | -      |
| Total   | 5,821,742 | -      |
| Total exploration and other expenditure commitments | 5,860,741 | 74,000 |



## Notes to the Consolidated Financial Statements

### NOTE 21 CONTINGENCIES

#### Sewa Bay

In 2020FY, the Group acquired a tenement in Sewa Bay, the contingent consideration is as follows.

- \$50,000 in cash or PM1 shares upon the delineation of a JORC 2012 Resource greater than 10mMt @ 1.2% nickel;
- \$100,000 in cash or PM1 shares upon the delineation of a JORC 2012 Resource greater than 10mMt @ 1.2% nickel;
- and
- 5% trailing royalty on future FOB revenue.

While the achievement of these milestones is possible, it is currently not probable and so no value has been ascribed to them.

The achievement of this milestone will be reassessed at each period end.

#### QPM Tech Project Pty Ltd (formerly Queensland Pacific Metals Pty Ltd.)

On 15 May 2019, the Group acquired QPM Tech Project Pty Ltd. (formerly Queensland Pacific Metals Pty Ltd.). Part of the consideration payable was contingent consideration. Group A and B milestone shares lapsed in prior years whilst Group C milestone shares lapsed in the current year. The remaining contingent consideration is:

#### Group D

83,330,000 milestone shares to be issued at a price of \$0.013 per share 42 months from the date of settlement on the achievement of the final investment decision by the PM1 Board to construct a nickel-cobalt processing plant.

The achievement of this milestone has been assessed as low on the basis that FID is anticipated to occur after this milestone has passed.

#### Pure Manganese

The milestone 2 contingent consideration lapsed during the year.

#### Milestone Performance Rights

At the end of the period, management has applied judgement to the achievement of the following milestones (see note 17 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.

## Notes to the Consolidated Financial Statements

### NOTE 21 CONTINGENCIES (CONT.)

| Milestone   | Date                   | Number     |
|---|------------------------|------------|
| Final Investment Decision to build the TECH Project   | Ongoing                | 6,000,000  |
|   | On or before 15 Nov 22 | 21,388,033 |
| 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  |
| <b>(Milestone 4):</b> 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 $\geq$ 3 years of TECH Project. | Ongoing                | 3,000,000  |
| <b>(Milestone 6):</b> Obtain all regulatory approvals required to build the TECH Project.   | 16 May 22 to 31 Aug 22 | 9,250,000  |
|   | 1 Sep 22 to 30 Nov 22  | 4,950,000  |
| <b>(Milestone 7):</b> 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 |

Management have applied judgement to whether the achievement of the milestones is possible. While the achievement of milestones 4, 6 and 7 are possible, it is currently not probable and so no value has been ascribed to them and these will be reassessed at each period end. The initial target date for milestone 5 was not met, as such, 7,500,000 performance rights have lapsed.

## Notes to the Consolidated Financial Statements

### NOTE 22 AUDITOR'S REMUNERATION

|  | 2022          | 2021          |
|--|---------------|---------------|
|  | \$            | \$            |
| <b>Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:</b> |               |               |
| Audit and review of the annual and half-year financial report                | 56,061        | 43,703        |
| Other services – BDO Corporate Taxation (WA) Pty Ltd                         | 18,655        | 26,148        |
|  | <b>74,716</b> | <b>69,851</b> |

### NOTE 23 INVESTMENT IN CONTROLLED ENTITIES

|   | Principal Activities       | Country of Incorporation | Ownership interest |      |
|---|----------------------------|--------------------------|--------------------|------|
|   |                            |                          | 2022               | 2021 |
|   |                            |                          | %                  | %    |
| Pure Manganese Pty Ltd  | Exploration                | Australia                | 100                | 100  |
| QPM Tech Project Pty Ltd (formerly Queensland Pacific Metals Pty Ltd) | Exploration & Tech Project | Australia                | 100                | 100  |
| Anroca Pty Ltd  | Exploration                | Australia                | 100                | 100  |
| Mineral Developments Pty Ltd  | Exploration                | Australia                | 80                 | 80   |
| Ozark Mineral Resources INC   | Exploration                | USA                      | 100                | 100  |
| QPM Energy Pty Ltd  | Exploration                | Australia                | 100                | -    |

### NOTE 24 PARENT ENTITY

|                                 | 2022                | 2021               |
|---------------------------------|---------------------|--------------------|
|                                 | \$                  | \$                 |
| <b>Assets</b>                   |                     |                    |
| Current assets                  | 20,758,516          | 17,733,779         |
| Non-current assets              | 6,814,278           | 1,493,360          |
| <b>Total assets</b>             | <b>27,572,795</b>   | <b>19,227,139</b>  |
| <b>Liabilities</b>              |                     |                    |
| Current liabilities             | 1,118,031           | 531,319            |
| Non-current liabilities         | 461,777             | 320,503            |
| <b>Total liabilities</b>        | <b>1,579,808</b>    | <b>851,822</b>     |
| <b>Equity</b>                   |                     |                    |
| Contributed equity              | 86,366,327          | 38,508,704         |
| Reserves                        | 6,884,143           | 6,567,913          |
| Accumulated losses              | (67,257,482)        | (26,701,300)       |
| <b>Total equity</b>             | <b>25,992,987</b>   | <b>18,375,317</b>  |
| Loss for the year               | (40,556,182)        | (7,238,896)        |
| <b>Total comprehensive loss</b> | <b>(40,556,182)</b> | <b>(7,238,896)</b> |

## Notes to the Consolidated Financial Statements

### NOTE 25 EVENTS AFTER THE REPORTING DATE

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

## Directors' Declaration

In the Directors' opinion:

- a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
  - i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date.
- b) The financial statements and notes comply with International Financial Reporting Standards as described in Note 1 to the financial statements.
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



**Stephen Grocott**  
**Managing Director**

29 September 2022

## INDEPENDENT AUDITOR'S REPORT

To the members of Queensland Pacific Metals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Queensland Pacific Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including 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:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

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

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Share based payments

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>  |
|--|---|
| <p>As disclosed in Note 17, the Group recognised a share-based payment expense in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022 due to the issue of performance rights, options and shares to eligible directors and advisors.</p> <p>Share-based payments are a complex accounting area and due to the judgemental estimates used in determining the fair value of performance rights in accordance with the Accounting Standards, we consider management's calculation of the share-based payment expense to be a key audit matter.</p> | <p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Examining market announcements and board minutes to determine whether all the new share based payments granted during the year were accounted for;</li><li>• Reviewing the relevant agreements to obtain an understanding of the contractual nature of the share based payment arrangements and understand the key terms and conditions;</li><li>• Reviewing management's determination of the fair value of the share based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs;</li><li>• Involving our valuation specialists to assess the reasonableness of management's volatility calculation;</li><li>• Evaluating management's assessment of the timing of meeting the performance conditions attached to the share based payments; and</li><li>• Evaluating the adequacy of the disclosures in respect of the accounting treatment of the performance rights in Note 17 to the financial statements, including significant judgements involved.</li></ul> |



## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 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 has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.





## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Queensland Pacific Metals Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', written in a cursive style.

Jarrad Prue

Director

Perth

29 September 2022

## Corporate Governance Statement

The Board of Directors of Queensland Pacific Metals Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

Further information on the Company's corporate governance policies and practices can be found on the Company's website

[www.qpmetals.com.au](http://www.qpmetals.com.au)

## ASX Additional information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 4 September 2022.

### **TWENTY LARGEST SHAREHOLDERS**

|   |   |                    |              |
|---|---|--------------------|--------------|
| 1   | CITICORP NOMINEES PTY LIMITED   | 184,788,091        | 11.82        |
| 2   | BNP PARIBAS NOMS PTY LTD <DRP>  | 58,779,793         | 3.76         |
| 3   | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>                | 41,679,269         | 2.67         |
| 4   | MR ROBERT ASHLEY PEARCE   | 38,857,034         | 2.49         |
| 5   | MR JOHN CHARLES DOWNIE  | 33,482,033         | 2.14         |
| 6   | MR ANDREW MARTIN MATHESON   | 29,500,000         | 1.89         |
| 7   | MR KENNETH JOSEPH HALL <HALL PARK A/C>                                    | 27,125,000         | 1.73         |
| 8   | CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>                    | 17,262,915         | 1.10         |
| 9   | MR EDDY SAMUEL HADDAD   | 16,172,667         | 1.03         |
| 10  | NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>                         | 13,329,492         | 0.85         |
| 11  | MR JOHN KHOO  | 12,630,666         | 0.81         |
| 12  | MR DAVID DAVIDSON   | 12,000,000         | 0.77         |
| 13  | KING CORPORATE PTY LTD  | 11,750,000         | 0.75         |
| 14  | EXPONENTIAL GROWTH INVESTMENTS PTY LTD <INTEGRITY A/C>                    | 11,700,938         | 0.75         |
| 15  | MR MARIO MENELAOU + MS MARIA SUSAN MENELAOU <ISM SUPERANNUATION FUND A/C> | 11,653,808         | 0.75         |
| 16  | DRAB INVESTMENTS PTY LTD <DRABA SUPER FUND A/C>                           | 10,211,518         | 0.65         |
| 17  | SUPERHERO SECURITIES LIMITED <CLIENT A/C>                                 | 9,452,288          | 0.60         |
| 18  | MR PETER DAMIEN THORPE  | 9,200,000          | 0.59         |
| 19  | BLACK PRINCE PTY LTD <BLACK PRINCE SUPER FUND A/C>                        | 9,000,000          | 0.58         |
| 20  | SHRIVER NOMINEES PTY LTD  | 8,700,000          | 0.56         |
| <b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b> |   | <b>567,275,512</b> | <b>36.28</b> |

## ASX Additional information

### DISTRIBUTION OF EQUITY SECURITIES

#### (i) Ordinary share capital

The number of shareholders, by size of holding, is:

| Range            | Total holders | Units                | % of Issued Capital |
|------------------|---------------|----------------------|---------------------|
| 1 - 1,000        | 158           | 27,265               | 0.00                |
| 1,001 - 5,000    | 1,912         | 6,618,099            | 0.42                |
| 5,001 - 10,000   | 1,839         | 14,329,243           | 0.92                |
| 10,001 - 100,000 | 5,143         | 193,306,324          | 12.36               |
| 100,001 Over     | 1,546         | 1,349,332,200        | 86.30               |
| <b>Total</b>     | <b>10,598</b> | <b>1,563,613,131</b> | <b>100.00</b>       |

#### (ii) Unlisted Options

21,000,000 unlisted options expiring 2 August 2023, exercisable at 11.6 cents.

1,000,000 unlisted options expiring 2 August 2024, exercisable at 15 cents.

10,000,000 unlisted options expiring 25 September 2023, exercisable at 3 cents.

8,100,000 unlisted options expiring 17 December 2022, exercisable at 3 cents.

2,000,000 unlisted options expiring 30 November 2024, exercisable at 2.75 cents.

#### (iii) Performance Rights

At the date of this report there were the following performance rights outstanding:

16,500,000 Milestones 1 to 4 Performance rights.

11,550,000 Milestone 6 Performance rights.

21,750,000 Milestone 7 Performance rights.

### SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

|                               | Holding Balance | % of Issued Capital |
|-------------------------------|-----------------|---------------------|
| CITICORP NOMINEES PTY LIMITED | 184,788,091     | 11.82               |

### RESTRICTED SECURITIES

There were no restricted securities.

### UNMARKETABLE PARCELS

There were 1,046 holders of less than a marketable parcel of ordinary shares, which as at 5 September 2022 was 3,449.

## ASX Additional information

### ON-MARKET BUY-BACK

There is no current on-market buy-back.

### ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

### TAX STATUS

The Company is treated as a public company for taxation purposes.

### FRANKING CREDITS

The Company has no franking credits.

### STATEMENT IN ACCORDANCE WITH ASX LISTING RULE 4.10.19

The Company confirms in the period from admission to the official list of the ASX to 28 September 2018, that it used its cash and assets in a form readily convertible to cash, in a manner consistent with its business objectives.

### TENEMENT TABLE

| Tenement ID | Status  | Applic. Date | Granted Date | Expiry Date | Holding | Name             | Registered Co.                |
|-------------|---------|--------------|--------------|-------------|---------|------------------|-------------------------------|
| EPM27035    | GRANTED | 28 Aug 2018  | 12 Feb 2019  | 12 Feb 2023 | 100%    | Serpentine Ridge | QPM Tech Project Pty Ltd      |
| EL 1761     | GRANTED | 11 Mar 2020  | 18 Sep 2020  | 12 Mar 2022 | 100%    | Sewa Bay         | Queensland Pacific Metals Ltd |