



ABN 61 125 368 658

**Annual Report for the Year
Ended 30 June 2023**

Annual Report

For the year ended 30 June 2023

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Corporate Directory

Board of Directors

John Downie	Executive Director
Stephen Grocott	Managing Director
Eddie King	Non-Executive Director
Sharna Glover	Non-Executive Director
Jim Simpson	Non-Executive Director
John Abbott	Non-Executive Chairman

Company Secretary

Mauro Piccini

Registered Office

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Brisbane QLD 4000

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Email: info@qpmetals.com.au
Website: www.qpmetals.com.au

Stock Exchange Listing

Australian Securities Exchange
ASX Code: QPM (formerly PM1)

Auditors

Ernst & Young
111 Eagle Street
Brisbane QLD 4000
Australia

Solicitors

Baker & McKenzie
Level 32
71 Eagle Street
Brisbane QLD 4000
Australia

Share Registry

Computershare
Level 17
221 St Georges Terrace
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 2023.

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 of experience in the mining industry. Mr. Downie holds a Bachelor of Engineering (Mechanical) and MBA from the Royal Melbourne Institute of Technology. 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.

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 (ASX:EFE) (July 2017 to current), Ragnar Metals Limited (ASX:RAG) (February 2017 to current), M3 Mining Limited (ASX: M3M) (November 2020 to current), Bindi Metals Limited (ASX:BIM) (May 2021 to current), Rubix Resources Limited (ASX:RB6) (June 2021 to current), Noble Helium Limited (ASX: NHE) (December 2021 to current), and Great Northern Mineral Limited (ASX:GNM) (May 2023 to current).

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 over 40 years of international experience. Dr. Grocott holds a Bachelor of Science (Hons) (Chemistry) and PhD in Chemistry from the University of Western Australia. 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.

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 the CEO and Managing Director at Peel Mining Limited (ASX: PEX) and was previously Managing Director and CEO at Aurelia Metals Limited. Mr. Simpson has more than 30 years of mining industry experience and holds a Bachelor of Engineering Mining (Hons) from the 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 focusing 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 did not hold any directorships in any other ASX listed companies.

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. Mr. Abbott holds both a Bachelor of Engineering and Bachelor of Law. He is a Chartered professional engineer and fellow of the Institute of Engineers Australia. He is also the Executive Chairman *pro Temp* 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 did not hold any directorships in any other ASX listed companies.

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.

Director	Ordinary Shares	Options	Performance Rights
Eddie King	13,749,558	-	152,174
John Downie	35,738,283	-	2,608,696
Stephen Grocott	1,465,028	-	22,569,566
Jim Simpson	-	1,000,000	152,174
Sharna Glover	75,000	1,000,000	152,174
John Abbott	450,000	1,000,000	217,391
	51,477,869	3,000,000	25,852,175

PRINCIPAL ACTIVITIES

Queensland Pacific Metals (ASX: QPM) is an Australian based company headquartered in Brisbane, Queensland. The company is focused on developing the Townsville Energy Chemicals Hub (TECH) Project; a modern and sustainable, battery and critical minerals refinery, located 40 kilometres south of Townsville, which will produce nickel, cobalt and High Purity Alumina (HPA) for the rapidly emerging lithium-ion battery and electric vehicle sectors and high-grade hematite for the global steel sector.

The TECH Project will require between 11-14 PJ pa of gas to achieve its Stage 1 nameplate capacity of processing 1.6m wet metric tonnes of ore. In order to source this gas, manage price volatility in East Coast energy markets and guarantee a reliable and economic gas supply for the TECH Project. During the year, QPM established a wholly owned subsidiary called QPM Energy Pty Ltd (QPME) which has a strategy of sourcing and producing waste mine gas and transporting this gas to industrial users (such as the TECH Project) and the electricity markets in North Queensland. Aligned with this strategy, QPME completed the acquisition of the Moranbah Gas Project on 25 August 2023 from Arrow Energy Group and AGL Energy Ltd thereby achieving its strategy of developing an energy supply chain. QPME has a clear vision and plan to reinvigorate and grow the Moranbah Gas Project to provide economically sustainable, long-term gas supply for the North Queensland energy market.

REVIEW AND RESULTS OF OPERATIONS

During the financial year, the Group had numerous key achievements highlighted below.

- The group successfully received \$10.2 million for the FY22 R&D refundable tax incentive. The group also expects to receive approximately \$15.3 million during the FY24 in R&D refundable tax incentives related to expenditure incurred in FY23.
- TECH Project was awarded Significant Investment Project Status by the Queensland Government.
- Two-year extension of the Prescribed Project Status to 28 September 2023 and continued strong political support from key ministers and departments. Subsequent to year-end, this was extended for a further two years.
- Receipt of all major Federal and State regulatory approvals for construction of the TECH Project
- Completion of updated Life Cycle Assessment, which has re-estimated the TECH Project to have net negative carbon emissions of 989,213 tonnes per annum when in steady state production.
- Release of the Advanced Feasibility Study results for the TECH Project demonstrating attractive project financial metrics (Stage 1 TECH Project and scoping study on Stage 2 TECH Project expansion).
- Major offtake and investment agreement signed with General Motors ("GM") for nickel and cobalt production.
- Binding ore supply agreements in place with four significant New Caledonian mining companies, for up to \$2.1 million wet metric tons (wmt) of ore per annum.
- Significant progress on debt funding for the TECH Project with conditional indicative commitments secured for approximately A\$1.4 billion.
- End of Waste Code application submitted for approval to use TECH Project residue for engineered landfill which will enable QPM to achieve its goal of being zero solids waste.
- Launch of QPME, and the Carbon Abatement Hub Project (Northern Hub) to vertically integrate the gas supply chain with the TECH Project and facilitate reduction of carbon emissions from waste coal mine.
- Successful acquisition of the Moranbah Gas Project post financial year end.

Directors' Report

TOWNSVILLE ENERGY CHEMICALS HUB ("TECH PROJECT")

QPM made significant progress as it works towards its goal of achieving a Final Investment Decision (FID) for the TECH Project.

The Queensland Government has recognised the benefits of developing the TECH Project through two significant declarations which highlights the importance and significance of both the TECH Project and the Lansdown Eco-Industrial Precinct (LEIP) where the TECH Project is to be constructed. The LEIP was declared a Prescribed Project, a status it now shares with the TECH Project. This acknowledgement highlights the significance of the Project's location at the state level and its substantial economic and social importance to the region. Attaining Prescribed Project status empowers the Coordinator-General to expedite decision-making processes and decisions.

To further demonstrate the strong support of the Queensland Government, the TECH Project was awarded Significant Investment Project Status in March 2023. The Queensland Government has established the Significant Investment Facilitation (SIF) project specifically to bolster projects that hold substantial economic importance for the State. Through the SIF program, the government aims to provide the necessary assistance and support to facility prospective investments in Queensland. In assessing the economic significance to the State, the SIF program considers factors such as alignment with current government policy initiatives, the potential economic benefits for Queensland, investment readiness, and the feasibility and capability of the Project's proponents.

Feasibility Study Progress

QPM's project team in collaboration with Hatch the lead engineer, and key vendors are undertaking the detailed assessment of several key technical aspects of the TECH Project required to facilitate the securing of debt funding. During the year, QPM engaged Monadelphous, a renowned Australian engineering group specialising in construction services. This early engagement enables QPM to leverage Monadelphous's expertise in optimising the construction process for the TECH Project, which is intended to result in reducing construction timelines and generate capital cost savings.

Lava Blue's HPA demonstration facility in Brisbane commenced production. From this facility, samples have been produced which exceed 99.99% (4N) purity. This underscores the production of high-quality HPA for the TECH Project.

CSIRO's testwork has produced hematite pellets with excellent strength suitable for blast furnace steelmaking. Hematite pellets with properties conducive to direct feed into a blast furnace were produced on numerous occasions, using commercially standard methods. QPM is continuing to engage with pellet plant suppliers to finalise the process design and confirm the capital estimate of the commercial plant.

Ore Supply

QPM has entered into binding ore supply agreements with four New Caledonian miners; Société Le Nickel ("SLN"), Société des Mines de la Tontouta ("SMT"), Société Minière Georges Montagnat ("SMGM"), and Maï Kouaoua Mines ("MKM"). These agreements outline the commercial terms to supply up to 2.1 million wet metric tons (wmt) of ore per annum to QPM. These agreements will ensure a consistent and reliable source of ore for the TECH Project.

Federal Government Grant

In May 2023, QPM was awarded a \$5 million grant from the Australian Federal Government under the Critical Minerals Development Program. The grant funding is conditional upon incurring Front End Engineering Design (detailed engineering) costs for the TECH Project within the milestone dates. Funding is to be received in four instalments with the final instalment expected May 2025. Given that certain areas of the TECH Project are more advanced than others, this grant allows QPM to initiate FEED activities in these advanced areas at an earlier stage. This acceleration will assist QPM to meet its target timelines for the project.

Directors' Report

End of Waste Code

QPM has submitted the End of Waste Code ("EOW") application to the Department of Environment and Science ("DES"). The EOW Code would facilitate a previously characterised waste stream to be used as an engineered fill. Receiving the EOW Code approval would allow QPM to immediately utilise waste residue in commercial applications and confirm the TECH Projects zero solid waste strategy.

PROJECT FUNDING

Debt Funding Update

QPM and its debt advisors KPMG have continued to work with international export credit agencies, other government backed lenders and commercial banks for the provision of debt financing for the TECH Project. From the lending agencies which QPM has targeted, indicative and conditional funding in excess of \$1.4 billion was received during the year. This indicative debt commitment comprises of \$250 million from Export Finance Australia, up to \$250 million from Northern Australia Infrastructure Facility, \$400 million from the Export Development Canada and up to \$500 million from Euler Hermes. QPM has also received letters of interest from Korea Trade Insurance Corporation ("K-Sure") and several international commercial banks.

CARBON ABATEMENT HUB PROJECT ("CAH PROJECT")

During the year, QPM established QPME which has a strategy of producing, processing and transporting waste mine gas in the Northern Bowen Basin (NBB) for the TECH Project and other gas consumers in Northern Australia. QPME intends to play a key role in the development of a commercial waste mine gas business in the NBB.

The TECH Project, at full production, will require between 11-14PJ of gas per annum, providing the baseline demand for QPME. QPME has been actively collaborating with regional mine operators to initiate waste gas collection projects. This encompasses both short-term opportunities for gas that is already being produced and flared as well as medium to long-term initiatives tied to pre-drainage programs in line with future mine development. This approach offers a dual benefit: it significantly reduces greenhouse gas emissions associated with metallurgical coal mining and secures a reliable gas supply. QPME is confident that there are sufficient gas resources available to meet the TECH Project's needs while also having the capacity to supply other gas consumers.

Coal deposits in the Bowen Basin are known for their high methane gas content. During coal extraction, significant volumes of gas is emitted, either through direct methane release into the atmosphere from open-pit coal mines or through flaring and venting of gas being drained from underground mines before coal extraction. The Project will serve as a hub for capturing, processing and transporting this gas resource, leading to a material reduction in Australia's carbon emissions. The project is intended to comprise of essential infrastructure for processing waste coal mine gas and connecting to the existing 39PJ per annum capacity North Queensland Gas Pipeline, enabling transportation to the TECH Project and other customers in the Townsville region.

QPME has made two key initiatives to meet its strategy:

- Undertaking a feasibility study for a Northern Carbon Abatement Hub. The Hub is to be built approximately 40km north of Moranbah and when constructed would be Australia's first greenfields multi-user facility for collecting and processing waste mine gas.
- Acquisition (completed post year-end) of the Moranbah Project

MORANBAH PROJECT

In April 2023, QPME announced the proposed acquisition of the Moranbah Project (MP) as part of QPM's vertically integrated energy supply chain strategy for the TECH Project. The transaction involves acquiring 100% of the assets of the MP from the Arrow Energy Group and AGL Energy Ltd.

The MP collects, processes and transports waste mine gas for industrial users and electricity generation. Situated approximately 390 kilometres south of Townsville it is the only currently operational gas field in the Northern Bowen Basin (NBB) with the capability to provide gas to consumers in North Queensland. This project has been in production since 2004 and currently sources gas from its own producing wells (located on four Petroleum Leases), and waste mine gas which is being produced from up to five active coal mines in the surrounding area.

Directors' Report

Key assets and contractual rights include:

- 240PJ 2P reserves and 269PJ 2C resources, independently certified;
- Mature and current gas production rate of 10PJ per annum;
- ~100 producing wells and associated gas gathering infrastructure;
- Infrastructure with the capacity to supply up to 30 PJ gas per annum to end users, thereby providing significant excess capacity to increase the volume of gas to be processed;
- Right to transport gas via the North Queensland Gas Pipeline, which has capacity of 39PJ per annum;
- Right to dispatch 100% of the electricity generated by the Townsville Power Station ("TPS") and the associated revenue; and
- Existing gas sales contract of 7PJ per annum to the Dyno Nobel Moranbah Ammonium Nitrate Plant, owned by Incitec Pivot Limited ("IPL").

Completion occurred on 25 August 2023 at which time QPME received settlement proceeds of \$30.0 million from the vendors. Completion of the transaction represents a key milestone for QPM and QPME in executing the integrated gas supply and Carbon Abatement Strategy, which will deliver the following benefits for shareholders:

- Provide long term, economically sustainable gas supply for the TECH project avoiding exposure to the price volatility of the Eastern Australian gas market;
- Transforms QPME into a viable standalone business, with significant earnings potential from electricity generation and third party gas sales;
- Excess capacity in the infrastructure to facilitate gas production growth; and
- Ideally positioned to assist regional coal miners to reduce gas flaring and venting, thereby enabling them to better meet their obligations under the Commonwealth Safeguard Mechanism reforms and Queensland government emissions reduction objectives.

CORPORATE

Significant investment and offtake agreements

On October 12, 2022, QPM announced the major investment and offtake agreement with General Motors (GM). The agreement includes a conditional commitment of up to US\$69 million (approximately A\$108 million) through an equity subscription in QPM. This commitment comprises of an initial investment of up to US\$25 million and FID investment of up to US\$44 million. This includes the initial investment of US\$20.1 million (A\$31.4 million) for 174,643,791 shares at A\$0.18 per share which settled in October 2022.

Under this agreement, GM has been granted the right to be the first party to negotiate the purchase of all uncommitted nickel and cobalt sulphate produced during the first 15 years of Phase 1 of the TECH Project. Subject to the satisfaction of the Definitive Feasibility Study and reaching a Final Investment Decision, GM will provide additional FID investment where GM's offtake rights for Phase 1 are extended to life of project and GM is granted the right to purchase 100% nickel and cobalt sulphate under a Phase 2 expansion of the TECH Project.

GOVERNMENT AND SUSTAINABILITY INITIATIVES

Sustainability and Environmental Responsibility

The TECH project will position itself as a leader in environmentally responsible nickel and cobalt production with negative carbon emissions, no tailing facility, and no process liquids discharge.

The TECH Project is estimated to have a negative carbon footprint of 989,213 tonnes of CO₂-equivalent emissions per year, which is approximately equivalent to the emissions generated by 215,000 typical passenger vehicles annually. Furthermore, the TECH Project has achieved the remarkable milestone of generating zero solid waste. Through extensive testwork demonstrating that the residues from the TECH Project can be repurposed as engineered fill, there is now potential to find economically viable applications for this waste stream. The ability to utilise these residues as engineered fill ensures that 100% of the ore processed by the TECH Project contributes to a commercially valuable application. This accomplishment effectively positions the TECH Project as a zero solid waste operation.

Directors' Report

Community and Sponsorships

QPM is dedicated to ensuring that the community and interested stakeholders remain well-informed about the ongoing development of the TECH Project. QPM maintains a strong local presence in Townsville through the local Townsville office, where community members can interact with QPM representatives and obtain detailed information about the Project. QPM regularly organises Community Information Sessions, and these sessions are open to everyone interested.

QPM has initiated a sponsorship program with the aim of promoting children's participation in sports, particularly in regional and remote areas of Queensland. As part of this initiative, QPM has extended sponsorships to several organisations, including the Woodstock Horse Sports Club, The Challenge Games, and Townsville Table Tennis. These organisations were chosen by QPM for their inclusive approach, low barriers to entry, and their commitment to encouraging children of all ability levels to engage in sports and enjoy themselves.

Traditional Landowners

QPM places a high value on the unique and significant connection that Traditional Landowners and local Indigenous communities have with their 'Country,' encompassing the land, environment, culture, and traditional way of life. The company has established a strong and cooperative relationship with The Bindal People, who are the Traditional Owners of the Lansdown site where the TECH Project will be developed. This partnership aims to foster and maintain cooperative relations.

QPM has signed a Cultural Heritage Management Agreement with The Bindal People. This agreement ensures that any items with Aboriginal cultural heritage significance are identified, safeguarded from harm, and managed in accordance with relevant laws. It also outlines mechanisms for ongoing productive engagement between QPM and the Bindal People, including the use of a nominated Steering Committee, Bindal Liaison Officers, and Bindal Cultural Heritage Trainers to establish site induction protocols. Additionally, QPM has committed to a memorandum of understanding regarding employment, training, apprenticeships, and other opportunities for Indigenous individuals. The company will collaborate with traditional owners to define the required skills for these positions and identify suitable candidates.

Financial Performance

The financial results of the Company for the year ended 30 June 2023 are:

	30 June 2023	30 June 2022
	\$	\$
Cash and cash equivalents	15,755,410	31,382,958
Net assets (net liabilities)	20,013,653	25,992,989
Other income ⁽ⁱ⁾	25,782,715	2,612,780
Net loss after tax ⁽ⁱⁱ⁾	(39,052,195)	(38,054,319)

(i) Other income includes R&D refunds for FY22 (\$10.2 million) and FY23 (\$15.3 million)

(ii) The largest component of the net loss after tax for QPM is expensing all costs associated with the definitive feasibility studies (DFS) for the Townsville Energy Chemicals Hub (TECH) Project \$42.2 million (2022: \$31.8 million).

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

During the year, there were no significant changes to the Board with no new appointments or resignations to disclose.

Capital Raisings

During the year, the Company raised \$32.085 million before costs. An additional \$243,000 was received from the exercise of unlisted options.

Directors' Report

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On August 25, 2023, QPM completed the acquisition of 100% of the Moranbah Project. QPME has paid the Sellers \$5 million as consideration for the Moranbah Project assets and received \$35 million as consideration for assuming obligations to supply gas under the Moranbah Project contracts; net receipts of \$30 million. All key assets and contracts have now been novated to QPME and operational control of the Moranbah project commenced on August 30. Given the proximity of the transaction to the release date of this report, the initial accounting for the business combination is incomplete at the time this report is being authorised for issue. The Group has engaged a number of advisors to assist with the fair value assessment of the acquired assets and liabilities, which are yet to complete their work and provide their results to QPM.

Subsequent to year end, QPM also announced a capital raising initiative aimed at generating up to A\$24 million in gross proceeds via \$16 million placement of new fully paid ordinary shares and up to \$8 million share purchase plan ("SPP").

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The company will continue develop its current and future project.

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	10
Eddie King	10	10
Stephen Grocott	10	10
Jim Simpson	10	9
Sharna Glover	10	10
John Abbott	10	10

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 Audit Committee at present. Matters typically dealt with by the Audit Committee is currently being managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement located on page 65.

Directors' Report

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2023 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

Non-Executive Directors and Key Management Personnel of the Company during or since the end of the financial year were:

Non-Executive Directors:

Eddie King	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	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)
David Wrench	Chief Executive Officer – QPM Energy (appointed 1 July 2022)

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.

Directors' Report

REMUNERATION REPORT (AUDITED, CONT.)

No remuneration consultants were employed during the financial year.

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

At the 2022 Annual General Meeting, the resolution to adopt the Remuneration Report for the year ended 30 June 2022 was passed without amendment by a poll.

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 established in May 2023 a separate Remuneration Committee comprising of three Non-Executive Directors and one external remuneration consultant. The Committee 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 executive KMPs 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.

REMUNERATION REPORT (AUDITED, CONT.)

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

❖ **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. Given the growth in the Company, a Remuneration Committee was formed in May 2023. The Remuneration Committee is tasked with ensuring that Executive remuneration and incentive policies are aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies must be designed to motivate management to pursue the Company's long-term growth and success plans and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

Executive remuneration will be reviewed on an ongoing basis, as required by the Remuneration Committee. This process will consider the review of the Company, business unit and individual performance, relevant comparative remuneration internally and externally, market conditions and where appropriate, external independent advice. The Remuneration Committee will make recommendations to the Board regarding Executive remuneration. Prior to the establishment of the Remuneration Committee, Executive contracts were reviewed annually by the Board.

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-23	30-June-22	30-June-21	30-June-20	30-Jun-19
Other income (\$)	25,782,715	2,612,780	2,716,002	382,999	33,645
Net loss after tax (\$)	(39,052,195)	(38,054,319)	(11,499,536)	(4,980,543)	(2,295,115)
EPS (cents)	(2.31)	(3.28)	(1.25)	(0.96)	(0.72)
Share price	0.100	0.115	0.140	0.013	0.018
Dividends	-	-	-	-	-

Relationship between Remuneration and Company Performance

Given 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, rather the progress and development of the Group's major projects, and capital management is used.

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 are also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

Directors' Report

REMUNERATION REPORT (AUDITED, CONT.)

b) Variable Remuneration – Short Term Incentives (STI)

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

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

Options and performance rights are issued at the Board's discretion. See section F Share-based Compensation, Performance Rights.

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 2023 is set out below:

	Short-term Employee Benefits		Post-Employment	Long term benefits	Share based payments	Total
	Salary & fees	Non-monetary benefits ⁽ⁱ⁾	Superannuation	Employee Entitlements ⁽ⁱⁱⁱ⁾	Performance Rights	Total
	\$	\$	\$	\$	\$	\$
Non-Executive Directors						
Eddie King	70,000	-	7,350	-	-	77,350
Jim Simpson	70,000	-	7,350	-	-	77,350
Sharna Glover	70,000	-	7,350	-	-	77,350
John Abbott	100,000	-	10,500	-	-	110,500
Executive KMP						
Stephen Grocott	390,960	171,725	25,296	23,131	153,818	764,930
John Downie	120,000	62,666	12,600	8,654	70,042	273,962
Duane Woodbury	300,960	91,166	25,296	12,302	218,035	647,759
John Khoo	300,960	-	25,296	1,227	106,035	433,518
Barry Sanders	297,758	-	25,296	-	58,035	381,089
David Wrench ⁽ⁱⁱ⁾	300,000	69,168	25,296	-	451,387	845,851
Total	2,020,638	394,725	171,630	45,314	1,057,352	3,689,659

- (i) Non-monetary benefits relate specifically to travel costs (flights and accommodation) from the KMP's primary place of residence to the QPM / Hatch Office in Brisbane. This travel is considered regular and meets the criteria of reportable fringe benefits and includes tax payable amounts. The amounts included above include both the cost of the travel, and the fringe benefit tax obligation payable by QPM.
- (ii) David Wrench was appointed as General Manager – QPM Energy on 1 June 2022. Subsequently he was appointed as Chief Executive Officer – QPM Energy and became a KMP of the company.
- (iii) The amount shown above is the movement in annual leave provision during the year.

Directors' Report

REMUNERATION REPORT (AUDITED, CONT.)

Table 2 – 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	Long term Benefits	Share based payments	Total
	Cash Salary & fees	Non-monetary benefits	Superannuation	Employee Entitlements	Performance Rights	Total
	\$	\$				
Non-Executive Directors						
Eddie King	60,833	-	24,552	-	-	85,385
Cameron Mclean ⁽ⁱ⁾	11,550	-	1,050	-	-	12,600
Jim Simpson	67,500	-	6,750	-	-	74,250
Sharna Glover ⁽ⁱⁱ⁾	52,500	-	5,250	-	121,614	179,364
John Abbott ⁽ⁱⁱ⁾	76,882	-	7,688	-	121,614	206,184
Executive KMP						
Stephen Grocott ⁽ⁱⁱⁱ⁾	390,960	29,669	23,568	47,039	-	491,236
John Downie	120,000	4,985	12,000	35,817	-	172,802
Duane Woodbury ^(iv)	300,960	20,676	23,568	27,853	-	373,057
John Khoo ^(v)	300,960	-	23,568	27,853	-	352,381
Barry Sanders ^(vi)	300,960	-	23,568	13,928	-	338,456
Total	1,683,105	55,330	151,562	152,490	243,228	2,285,715

- (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 3 – Relative proportion of fixed vs variable remuneration expense

Name	Fixed Remuneration		Variable Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2023	2022	2023	2022	2023	2022	2023	2022
Non-Executive Directors								
Eddie King	100%	100%	-	-	-	-	-	-
Cameron Mclean ⁽ⁱ⁾	-	100%	-	-	-	-	-	-
Jim Simpson	100%	100%	-	-	-	-	-	-
Sharna Glover ⁽ⁱⁱ⁾	100%	32%	-	-	-	-	-	68%
John Abbott ⁽ⁱⁱ⁾	100%	41%	-	-	-	-	-	59%
Executive KMP								
Stephen Grocott	80%	100%	-	-	15%	-	5%	-
John Downie	74%	100%	-	-	26%	-	-	-
Duane Woodbury	66%	100%	-	-	9%	-	25%	-
John Khoo	76%	100%	-	-	13%	-	11%	-
Barry Sanders	85%	100%	-	-	15%	-	-	-
David Wrench ⁽ⁱⁱⁱ⁾	47%	-	-	-	34%	-	19%	-

- (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.
- (iii) Appointed 1 July 2022.

REMUNERATION REPORT (AUDITED, CONT.)

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

30 June 2023	Balance at 01/07/2022	Granted as Remuneration	Other	Balance at 30/06/2023
Non-Executive Directors				
Eddie King	13,749,558	-	-	13,749,558
Jim Simpson ⁽ⁱ⁾	1,000,000	-	(1,000,000)	-
Sharna Glover	75,000	-	-	75,000
John Abbott	200,000	-	-	200,000
Executive KMP				
Stephen Grocott	1,142,448	-	-	1,142,448
John Downie	35,738,283	-	-	35,738,283
Duane Woodbury	10,211,518	-	-	10,211,518
John Khoo ⁽ⁱⁱ⁾	16,273,060	-	(230,000)	16,043,060
Barry Sanders	-	-	-	-
David Wrench ⁽ⁱⁱⁱ⁾	-	-	-	-
Total	78,389,867	-	(1,230,000)	77,159,867

- (i) On market disposal of 1,000,000 shares during the year.
- (ii) On market disposal of 230,000 shares during the year.
- (iii) Appointed 1 July 2022 as Chief Executive Officer – QPM Energy.

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

30 June 2023	Balance at 01/07/2022	Issued as Remuneration	Exercised	Other	Balance at 30/06/2023	Vested & Exercisable
Non-Executive Directors						
Eddie King	-	-	-	-	-	-
Jim Simpson	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
Executive KMP						
Stephen Grocott	-	-	-	-	-	-
John Downie	-	-	-	-	-	-
Duane Woodbury	-	-	-	-	-	-
John Khoo	-	-	-	-	-	-
Barry Sanders	-	-	-	-	-	-
David Wrench	-	-	-	-	-	-
Total	3,000,000	-	-	-	3,000,000	3,000,000

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

30 June 2023	Balance at 01/07/2022	Issued as Remuneration	Exercised	Lapsed	Balance at 30/06/2023	Vested	Vested & Exercisable
Non-Executive Directors							
Eddie King ⁽ⁱ⁾	-	152,174	-	-	152,174	-	-
Cameron Mclean ⁽ⁱⁱ⁾	-	-	-	-	-	-	-
Jim Simpson ⁽ⁱⁱⁱ⁾	-	152,174	-	-	152,174	-	-
Sharna Glover ^(iv)	-	152,174	-	-	152,174	-	-
John Abbott ^(v)	-	217,391	-	-	217,391	-	-
Executive KMP							
Stephen Grocott ^(vi)	28,500,000	4,069,566	-	(10,000,000)	22,569,566	2,500,000	11,500,000
John Downie ^(vii)	21,388,033	2,608,696	-	(21,388,033)	2,608,696	-	-
Duane Woodbury ^(viii)	17,500,000	2,608,696	-	(2,500,000)	17,608,696	1,000,000	1,000,000
John Khoo ^(ix)	14,250,000	2,608,696	-	(4,750,000)	12,108,696	1,500,000	6,000,000
Barry Sanders ^(x)	1,500,000	2,608,696	-	(500,000)	3,608,696	-	-
David Wrench ^(xi)	-	4,500,000	-	-	4,500,000	-	-
Total	83,138,033	19,678,263	-	(39,138,033)	63,678,263	5,000,000	18,500,000

Directors' Report

REMUNERATION REPORT (AUDITED, CONT.)

- (i) 152,174 performance rights were issued to Eddie King and subsequently granted on 25 November 2022 at the AGM. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (ii) Resigned 24 September 2021
- (iii) 152,174 performance rights were issued to Jim Simpson and subsequently granted on 25 November 2022 at the AGM. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (iv) 152,174 performance rights were issued to Sharna Glover and subsequently granted on 25 November 2022 at the AGM. The milestones associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (v) 217,391 performance rights were issued to John Abbott and subsequently granted on 25 November 2022 at the AGM. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (vi) Target date for Milestone 6 was not met resulting in 2,500,000 rights lapsing during the year. The final target date of milestone 6 was subsequently achieved resulting in 2,500,000 rights vesting. The initial milestone targets for milestone 7 was not met resulting in 2,500,000 rights and 5,000,000 rights lapsing respectively. 4,069,566 performance rights were issued to Stephen Grocott and subsequently granted on 25 November 2022 at the AGM. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (vii) Final investment decision (FID) to build TECH project by 15 Nov 2022 not met, as such 21,388,003 rights lapsed. 2,608,696 performance rights were issued to John Downie and subsequently granted on 25 November 2022 at the AGM. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (viii) Target date for Milestone 6 was not met resulting in 500,000 rights lapsing during the year. The final target date of milestone 6 was subsequently achieved resulting in 1,000,000 rights vesting. The initial milestone targets for milestone 7 was not met resulting in 1,000,000 rights and 1,000,000 rights lapsing respectively. On 23 September 2022, 2,608,696 performance rights were issued to Duane Woodbury, the milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (ix) Target date for Milestone 6 was not met resulting in 1,000,000 rights lapsing during the year. The final target date of milestone 6 was subsequently achieved resulting in 1,500,000 rights vesting. The initial milestone targets for milestone 7 was not met resulting in 1,250,000 rights and 2,500,000 rights lapsing respectively. On 23 September 2022, 2,608,696 performance rights were issued to John Khoo. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (x) During the year the initial target dates of milestone 7 was not met, as such 250,000 rights and 250,000 rights lapsed respectively. On 23 September 2022, there was 2,608,696 performance rights issued to Barry Sanders. The milestone associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below.
- (xi) David Wrench was appointed Executive KMP on 1 July 2022. 4,500,000 performance rights were issued to David Wrench on the 23 September 2022. 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. plus super
- Contract: Commenced 1 April 2020
- Term: no fixed term
- Period of notice: no notice period

❖ Stephen Grocott – Managing Director

- Contract: Commenced 1 April 2021
- Service Fees: \$390,000 p.a. plus super
- Phone Allowance: \$960 p.a
- Term: no fixed term
- Period of notice: 6 months
- Termination: Any outstanding amounts to be paid at termination

Directors' Report

REMUNERATION REPORT (AUDITED, CONT.)

- ❖ **Sharna Glover – Non-Executive Director**
 - Contract: Commenced 24 September 2021
 - Director 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
 - Director 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
 - Director 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

- ❖ **Eddie King – Non-Executive Director**
 - Contract: Commenced 26 March 2018
 - Director 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

- ❖ **Duane Woodbury – Chief Financial Officer**
 - Contract: Commenced 1 July 2021
 - Service Fees: \$300,000 p.a. plus super
 - Phone Allowance: \$960 p.a.
 - 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
 - Service Fees: \$300,000 p.a. plus super
 - Phone Allowance: \$960 p.a.
 - 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
 - Service Fees: \$300,000 p.a. plus super
 - Phone Allowance: \$960 p.a.
 - 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

Directors' Report

REMUNERATION REPORT (AUDITED, CONT.)

❖ David Wrench – Chief Executive Officer – QPM Energy

- Contract: Commenced 1 June 2022
- Service Fees: \$300,000 p.a. plus super
- Term: no fixed term
- Period of notice: 6 months
- Termination: Any outstanding amounts to be paid at termination

F Share-based Compensation

The Company rewards Directors and executive KMPs 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 the remuneration of directors and other key management personnel in this financial year or future reporting years are as follows.

30 June 2023	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise Price \$	Fair value per option at grant date \$
<u>Key Management Personnel</u>						
Jim Simpson ⁽ⁱ⁾	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.

In the prior year, 1,000,000 options were granted to Sharna Glover and John 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%
Conversion price	\$0.00

REMUNERATION REPORT (AUDITED, CONT.)

Performance Rights

30 June 2023	Number of performance rights granted	Grant date	Percent vested %	Fair value \$	Value of rights granted during the year \$	Performance conditions
Key Management Personnel						
Stephen Grocott ⁽ⁱ⁾	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	0	0.04	-	Milestone 4
	5,000,000	21/07/2020	0	0.04	-	Milestone 5
	7,500,000	21/07/2020	100	0.04	-	Milestone 6
	12,500,000	21/07/2020	0	0.04	-	Milestone 7
	847,826	25/11/2022	0	0.175	148,370	STI1
	847,826	25/11/2022	0	0.175	148,370	STI2
	1,186,957	25/11/2022	0	0.175	207,717	LT11
	1,186,957	25/11/2022	0	0.175	207,717	LT12
John Downie ⁽ⁱⁱ⁾	42,776,066	15/05/2019	0	0.10	-	FID to build TECH
	521,739	25/11/2022	0	0.175	91,304	STI1
	521,739	25/11/2022	0	0.175	91,304	STI2
	782,609	25/11/2022	0	0.175	136,957	LT11
	782,609	25/11/2022	0	0.175	136,957	LT12
Eddie King ⁽ⁱⁱⁱ⁾	152,174	25/11/2022	0	0.175	26,630	STI2
Jim Simpson ⁽ⁱⁱⁱ⁾	152,174	25/11/2022	0	0.175	26,630	STI2
Sharna Glover ⁽ⁱⁱⁱ⁾	152,174	25/11/2022	0	0.175	26,630	STI2
John Abbott ^(iv)	217,391	25/11/2022	0	0.175	38,043	STI2
Duane Woodbury ^(v)	2,000,000	01/07/2021	100	0.16	-	Milestone 6
	4,000,000	01/07/2021	0	0.16	-	Milestone 7
	6,000,000	01/07/2021	0	0.10	-	Reached FID to build TECH project
	2,500,000	01/07/2021	0	0.10	-	Completion of equity capital raising
	3,500,000	01/07/2021	0	0.10	-	Completion of reaching contract close
	521,739	23/09/2022	0	0.145	75,652	STI1
	521,739	23/09/2022	0	0.145	75,652	STI2
	782,609	23/09/2022	0	0.145	113,478	LT11
	782,609	23/09/2022	0	0.145	113,478	LT12

30 June 2023	Number of performance rights granted	Grant date	Percent vested %	Fair value \$	Value of rights granted during the year \$	Performance conditions
John Khoo ^(vi)	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	0	0.03		Milestone 4
	3,750,000	15/12/2020	0	0.03		Milestone 5
	3,750,000	15/12/2020	100	0.03		Milestone 6
	6,250,000	15/12/2020	0	0.03		Milestone 7
	521,739	23/09/2022	0	0.145	75,652	STI1
	521,739	23/09/2022	0	0.145	75,652	STI2
	782,609	23/09/2022	0	0.145	113,478	LTI1
	782,609	23/09/2022	0	0.145	113,478	LTI2
Barry Sanders ^(vii)	1,500,000	01/04/2021	0	0.09	-	Completion of DFS
	1,500,000	01/04/2021	0	0.09	-	Milestone 7
	521,739	23/09/2022	0	0.145	75,652	STI1
	521,739	23/09/2022	0	0.145	75,652	STI2
	782,609	23/09/2022	0	0.145	113,478	LTI1
	782,609	23/09/2022	0	0.145	113,478	LTI2
David Wrench ^(viii)	1,125,000	23/09/2022	0	0.145	163,125	STI1
	1,125,000	23/09/2022	0	0.145	163,125	STI2A
	1,125,000	23/09/2022	0	0.145	163,125	LTI1
	1,125,000	23/09/2022	0	0.145	163,125	LTI2A

- (i) Milestone 5 lapsed in the prior year. Target date for Milestone 6 was not met resulting in 2,500,000 rights lapsing during the year. The final target date of milestone 6 was subsequently achieved resulting in 2,500,000 rights vesting. The initial milestone targets for Milestone 7 were not met resulting in 2,500,000 rights and 5,000,000 rights lapsing respectively. During the year 847,826 performance rights for STI1 and 847,826 performance rights for STI2 were issued to Stephen Grocott in addition to 1,186,957 performance rights for LTI1 and 1,186,957 for LTI2.
- (ii) FID to build TECH project by 15 Nov 2022 not met, as such 21,388,003 rights lapsed. During the year 521,739 performance rights for STI1 and 521,739 performance rights for STI2 were issued to John Downie in addition to 782,609 performance rights for LTI1 and 782,609 for LTI2.
- (iii) During the year 152,174 performance rights for STI2 were issued to the non-executive Directors (Eddie King, Jim Simpson, and Sharna Glover)
- (iv) 217,391 performance rights for STI2 were issued to John Abbott.
- (v) The target date for Milestone 6 was not met resulting in 500,000 rights lapsing. The final target date of milestone 6 was subsequently achieved resulting in 1,000,000 rights vesting. The initial milestone targets for milestone 7 was not met resulting in 1,000,000 rights and 1,000,000 rights lapsing respectively. During the year, 521,739 performance rights for STI1 and 521,739 performance rights for STI2 were issued to Duane Woodbury in addition to 782,609 performance rights for LTI1 and 782,609 for LTI2.
- (vi) Milestone 5 lapsed in the prior year. Milestone 6 was achieved in the current year, with 1,000,000 rights lapsing and 1,500,000 rights vesting. The initial milestone targets for milestone 7 was not met resulting in 1,250,000 rights and 2,500,000 rights lapsing respectively. During the year 521,739 performance rights for STI1 and 521,739 performance rights for STI2 were issued to John Khoo, in addition to 782,609 performance rights for LTI1 and 782,609 for LTI2.
- (vii) The completion of DFS milestone lapsed in the prior year. During the year, the initial target dates of milestone 7 was not met, as such 250,000 rights and 250,000 rights lapsed respectively. 521,739 performance rights for STI1 and 521,739 performance rights for STI2 were issued to Barry Sanders in addition to 782,609 performance rights for LTI1 and 782,609 for LTI2.
- (viii) David Wrench was considered a KMP in the current year. 1,125,000 performance rights for STI1 and 1,125,000 performance rights for STI2A was issued to David. 1,125,000 performance rights for LTI1 and 1,125,000 performance rights for LTI2A was also granted.

REMUNERATION REPORT (AUDITED, CONT.)*Performance rights – Milestone 6*

As announced to the ASX, the federal government's approval to construct and operate the TECH Project and the Material Change of Use Development Application ("MCU DA") was awarded to QPM on 4 November and 15 December 2022, respectively. Accordingly, all performance rights in relation to this milestone vested during the year and an expense of \$276,000 was recorded in the profit or loss. The fair value of the performance rights is based on the share price on grant date.

Milestone	No. Performance Rights
Obtain all regulatory approvals required to build the TECH Project on or before 30 November 2022.	5,200,000

Performance rights – ST11

On 23 September 2022, 4,059,782 performance rights were issued to key management personnel as part of a company wide initiative to recognise and appreciate everyone's collective efforts throughout the year. The performance rights issued to all employees, excluding directors, were granted on 23 September whilst the rights issued to directors were subject to shareholder approval. As such, the latter were granted on 25 November 2022 following shareholder approval at the AGM. The rights immediately vest upon the recipient being employed for at least 12 months from the grant date.

Given it is highly likely that the service condition was expected to be met, the share-based payment was expensed during the period ended 30 June 2023. The total expense for the year was \$747,586 and has been recognised as a share-based payment expense in the statement of profit or loss.

The following inputs were used to estimate the fair value per right.

ST11 – issued to employees, excluding directors

Letter of Offer	28/11/2022
Grant Date	23/09/2022
Value per right	\$0.145
Conversion price	\$0.000

ST11 – issued to directors

Letter of Offer	20/12/2022
Grant Date	25/11/2022
Value per right	\$0.175
Conversion price	\$0.000

Directors' Report

REMUNERATION REPORT (AUDITED, CONT.)

Performance Rights – ST12

On 23 September 2022, 3,608,695 performance rights issued to key management personnel for the company achieving FID for the TECH project on or before 31 May 2024. The performance rights issued to all employees, excluding directors, were granted on 23 September whilst the rights issued to directors were subject to shareholder approval. As such, the latter were granted on 25 November 2022 following shareholder approval at the AGM.

As at 30 June 2023, management's assessment of meeting this Milestone resulted in no expensing in the current period. The performance right is also subjected to continued service.

ST12 – issued to employees, excluding directors

Letter of Offer	28/11/2022
Grant Date	23/09/2022
Value per right	\$0.145
Conversion price	\$0.000

ST12 – issued to directors

Letter of Offer	20/12/2022
Grant Date	25/11/2022
Value per right	\$0.175
Conversion price	\$0.000

Performance rights – ST12A

On 23 September 2022, management granted a KMP 1,125,000 performance rights with the rights vesting as soon as the company secures sufficient gas reserves to supply TECH Project for 10 years. This is also subject to continued service at the date the milestone is met. As at 30 June 2023, management assessed it was highly likely that this milestone would be met by 23 September 2023. As such, an expense of \$163,125 was recognised in the share-based payment reserve and statement of profit or loss.

Letter of Offer	28/11/2022
Grant Date	23/09/2022
Value per right	\$0.145
Conversion price	\$0.000

Performance rights – LTI

On 23 September 2022, a total of 5,442,393 performance rights were issued to key management personnel for the milestone target of meeting first production at the TECH project with an expiration date of 30 November 2027.

The performance rights awarded to all employees, excluding directors, were officially granted on 23 September 2022 and subject to continued service. The rights allocated to directors were contingent upon obtaining shareholder approval. Consequently, the rights for directors were granted on 25 November 2022, following the approval received at the Annual General Meeting (AGM). The rights vest upon meeting the production milestone prior to expiry date. Given the current uncertainty that that the milestone will be met no share-based payment was expensed as at 30 June 2023.

The following inputs were used to estimate the fair value per right.

Directors' Report

REMUNERATION REPORT (AUDITED, CONT.)

LT11 – issued to employees, excluding directors

Letter of Offer	28/11/2022
Grant Date	23/09/2022
Value per right	\$0.145
Conversion price	\$0.000

LT11 – issued to directors

Letter of Offer	20/12/2022
Grant Date	25/11/2022
Value per right	\$0.175
Conversion price	\$0.000

Performance rights – LT12A

On 23 September 2022, management granted a KMP 1,125,000 performance rights with the rights vesting as soon as gas is being supplied to TECH Project and forecast production from Northern Bowen Basin is sufficient to meet TECH Project's production. This is also subject to continued service. As at 30 June 2023, management assessed it was highly likely that this milestone would be met by 23 September 2023. As such, an expense of \$163,125 was recognised in the share-based payment reserve and statement of profit or loss.

Letter of Offer	28/11/2022
Grant Date	23/09/2022
Value per right	\$0.145
Conversion price	\$0.000

G Equity Instruments Issued on Exercise of Remuneration Options

There were no options exercised by KMP during the year ended 30 June 2023 (2022: 10,000,000).

H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2023 (2022: nil).

I Other Transactions with KMP

There were no other transactions with KMP during the year ended 30 June 2023 (2022: 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.

Directors' Report

SHARES UNDER OPTION

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

- 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.
- 2,000,000 unlisted options expiring 30 November 2024, exercisable at 2.75 cents.
- 46,833,661 unlisted options expiring 22 November 2025, exercisable at 20 cents.

PERFORMANCE RIGHTS

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

- 16,500,000 Milestones 1 to 4 Performance rights.
- 5,200,000 Milestone 6 Performance rights.
- 17,500,000 Milestone 7 Performance rights.
- 220,000 Performance rights 2022
- 13,581,945 STI Performance rights
- 13,107,396 LTI Performance rights

SHARES ISSUED ON EXERCISE OF OPTIONS

8,100,000 ordinary shares of the Company were issued on the exercise of options during the year ended 30 June 2023 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.

Subsequent to period end, as a result of the acquisition of the Moranbah Project the Group is now subject to various environmental regulations.

There have been no significant known breaches of the consolidated entity's licence conditions or any environmental regulations to which it is subject.

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.

Directors' Report

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

AUDITOR

In June 2023, the company appointed Ernst & Young in accordance with section 327 of the Corporations Act 2001.

Prior to appointment BDO Audit (WA) Pty Ltd was the auditors in office.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF ERNST & YOUNG or BDO (WA) Audit PTY LTD

There are no officers of the company who are former partners Ernst and Young or BDO Audit (WA) PTY LTD (former auditors)

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and included within these financial statements.

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 \$206,095 (2022: \$18,655).

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 2023



**Building a better
working world**

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Auditor's independence declaration to the directors of Queensland Pacific Metals Limited

As lead auditor for the audit of the financial report of Queensland Pacific Metals Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit;
- c. No non-audit services provided that contravene 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 financial year.

A handwritten signature in black ink that reads 'Ernst + Young' in a cursive style.

Ernst & Young

A large, stylized handwritten signature in black ink, appearing to be 'A Carrick'.

Andrew Carrick
Partner
29 September 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue and other income			
Other income	4	25,782,715	2,238,938
Grant income	4a	-	373,842
Expenses			
TECH project expenses		(42,254,468)	(31,814,934)
Consulting and legal fees		(6,710,590)	(743,627)
Directors fees		(816,399)	(647,612)
Employee benefits	5a	(5,731,551)	(4,365,093)
Compliance and regulatory expenses		(940,356)	(624,997)
Professional fees		(253,397)	(281,749)
Insurance		(141,503)	(74,917)
Rent and office expenses		(154,489)	(82,378)
Other expenses		(4,443,665)	(366,668)
Share-based payments	18	(1,329,036)	(316,229)
Impairment of exploration assets	10	(6,310)	(1,155,372)
Depreciation		(53,541)	(39,822)
Amortisation		(173,125)	(121,802)
Financing expenses		(34,253)	(31,898)
Acquisition costs	5b	(1,792,227)	-
Loss from continuing operations before income tax		(39,052,195)	(38,054,319)
Income tax expense	6	-	-
Loss from continuing operations after income tax		(39,052,195)	(38,054,319)
Other comprehensive loss			
		-	-
Total other comprehensive loss for the year, net of tax		(39,052,195)	(38,054,319)
Total comprehensive loss for the year ended is attributable to owners of Queensland Pacific Metals Limited			
		(39,052,195)	(38,054,319)
Total comprehensive loss for the year ended is attributable to non-controlling interest			
		-	-
		(39,052,195)	(38,054,319)
Loss per share for the year attributable to the members of Queensland Pacific Metals Limited:			
Basic loss per share (cents)	7	(2.31)	(3.28)
Diluted loss per share (cents)	7	(2.31)	(3.28)

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 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	15,755,410	31,382,958
Other receivables	9	16,120,099	1,352,087
Total current assets		31,875,509	32,735,045
Non-current assets			
Long term deposits	9a	626,272	-
Exploration and evaluation assets	10	208,363	145,889
Plant and equipment	11	773,135	300,353
Right of use asset	15	541,660	599,757
Total non-current assets		2,149,430	1,045,999
Total assets		34,024,939	33,781,044
LIABILITIES			
Current liabilities			
Trade and other payables	12	11,113,646	6,855,596
Employee entitlements	13	486,032	321,571
Lease liabilities	15	185,909	149,111
Deferred grant income	14	1,840,000	-
Total current liabilities		13,625,587	7,326,278
Non-current liabilities			
Lease liabilities	15	385,699	461,777
Total non-current liabilities		385,699	461,777
Total liabilities		14,011,286	7,788,055
Net assets		20,013,653	25,992,989
EQUITY			
Contributed equity	16	113,574,307	86,366,328
Reserves	17	12,759,577	6,894,697
Accumulated losses		(106,320,231)	(67,268,036)
Total equity		20,013,653	25,992,989

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 2023

		Issued Capital	Share- base payment Reserve	Equity raise - Options Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$	\$
At 1 July 2022		86,366,328	6,894,697	-	(67,268,036)	25,992,989
Loss for the period		-	-	-	(39,052,195)	(39,052,195)
Total comprehensive loss for the period after tax		-	-	-	(39,052,195)	(39,052,195)
Transactions with owners in their capacity as owners						
Share placement	16, 18	32,085,490	-	-	-	32,085,490
Capital raising costs	16	(5,120,511)	-	4,535,844	-	(584,667)
Share-based payments	18	-	1,329,036	-	-	1,329,036
Conversion of unlisted options	16	243,000	-	-	-	243,000
Balance at 30 June 2023		113,574,307	8,223,733	4,535,844	(106,320,231)	20,013,653
At 1 July 2021		38,508,705	6,578,468	-	(29,213,717)	15,873,456
Loss for the period		-	-	-	(38,054,319)	(38,054,319)
Total comprehensive loss for the period after tax		-	-	-	(38,054,319)	(38,054,319)
Transactions with owners in their capacity as owners						
Share placement	16	49,347,349	-	-	-	49,347,349
Capital raising costs	16	(2,464,727)	-	-	-	(2,464,727)
Share-based payments		-	316,229	-	-	316,229
Exercise of options	16	975,000	-	-	-	975,000
Balance at 30 June 2022		86,366,328	6,894,697	-	(67,268,036)	25,992,989

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 2023

Note

	2023	2022
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(63,675,056)	(37,646,738)
Interest and finance costs paid	(43,104)	(61,986)
Interest received	272,396	5,658
R&D tax offset received	10,173,251	2,199,832
Grant income received	1,840,000	373,842
GST recovered	6,237,694	2,427,709
Net cash used in operating activities	8(a) (45,194,819)	(32,701,683)
Cash flows used in investing activities		
Payment of exploration activities capitalised	(68,784)	(140,917)
Payments for property plant and equipment	(718,110)	(255,123)
Payment of long term deposits	(626,272)	-
Net cash used in investing activities	(1,413,166)	(396,040)
Cash flows from financing activities		
Proceeds from the issue of shares	32,085,490	49,347,349
Share issue costs	(584,664)	(2,464,727)
Proceeds from the exercise of options	243,000	975,000
Repayment of borrowings	-	(1,000,000)
Payment relating to finance costs	-	(22,446)
Principal lease payments	(181,341)	(99,917)
Net cash from financing activities	31,562,485	46,735,259
Net increase/(decrease) in cash and cash equivalents	(15,045,500)	13,637,536
Cash and cash equivalents at the beginning of the year	31,382,958	17,745,422
Effect of movement in exchange rates on cash held	(582,048)	-
Cash and cash equivalents at the end of the year	8 15,755,410	31,382,958

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 2023 comprise the Company and its subsidiaries (together referred to as the “Consolidated Entity” or the “Group”).

(b) Basis of Preparation

Going Concern

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business at amounts stated in the financial report.

As at 30 June 2023, the Group had cash on hand of \$15.755 million (30 June 2022: \$31.382 million), net current assets of \$18.250 million (30 June 2022: \$25.408 million), and a recorded net loss of \$39.052 million (30 June 2022: \$38.054 million) for the financial year. The Group’s net cash operating outflows for the year were \$45.195 million (30 June 2022: \$32.702 million).

The above-mentioned loss and operating cash outflow are consistent with the Group’s efforts to progress the definitive feasibility study (“DFS”) for the TECH project. The successful acquisition of the Moranbah Project on 25 August 2023 is a key milestone in securing an energy supply for the TECH project but in the short to medium term increases the Group’s working capital/liquidity requirements as the Group seeks to grow gas production. The combination of these funding requirements means there exists material uncertainty about the Group’s ability to continue as a going concern.

In the Directors’ opinion, at the date of signing this financial report, the going concern basis of preparation remains appropriate for the financial statements. A cash flow forecast has been prepared by Management through to September 2024 which indicates the Group will have sufficient cash to continue as a going concern due to the following;

- On 25 August 2023, the Group successfully completed the acquisition of the Moranbah Project. This transaction included the receipt of settlement proceeds amounting to \$30.0 million (before disbursements associated with the acquisition) from the project's vendors, for capital commitments novated to QPM as part of the transaction. In addition, the Group has finalised negotiations on the development funding facility with a Dyno Nobel, with the initial funding potential of up to \$80 million. This facility will be available to be drawn upon to finance the development of new production wells and boost gas production, contributing to the project’s growth and success.
- Subsequent to year end, the Group has successfully raised an additional \$16.0 million (gross) in proceeds via placement of new fully paid ordinary shares and expects to raise an additional \$8.0 million via its announced share purchase placement in October 2023.
- The Group expects to receive approximately \$15.3 million in refundable R&D tax incentives subsequent to period end.
- The Group continues to closely monitor available cash reserves and undertake initiatives to maintain liquidity, including considering additional capital raising should it be deemed necessary.

In the event the Group is unsuccessful achieving the above matter, there is a material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the ordinary course of business, at the amounts stated in the financial report.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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 2023.

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 24.

(c) 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 2023 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 control.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(d) 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 operating segments which are the same as the reporting segments.

(e) Interest Recognition

Interest Income

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

(f) Income Tax

The head entity, Queensland Pacific Metals Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

The income tax expense 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.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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.

Research and Development (R&D) incentive

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (namely the Research and Development Tax Incentive regime). In relation to non-refundable tax offsets, the Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

In respect of refundable tax offsets, where the related expenditure has been capitalised, the benefit has been offset against the carrying amount of that asset and is amortised through the income statement over the same period in which the asset is depreciated. Where the expenditure which gave rise to the benefit has been expensed, the benefits are recognised in profit or loss, other income.

(g) Exploration and evaluation expenditure

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.

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 shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present and disclose any resulting impairment loss.

(h) Cash and Cash Equivalents

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.

(i) Other Receivables

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

(j) 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.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(k) 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.

(l) 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 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.

(m) 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. When amounts are received before the conditions are attached to the grant have been complied with, the amounts are recorded as unearned income.

Where the related expenditure to the grant has been capitalised, the benefit has been offset against the carrying amount of that asset and is amortised through the income statement over the same period in which the asset is depreciated. Where the expenditure which gave rise to the benefit has been expensed, the benefits are recognised in profit or loss, other income within the same period as the expenditure is expensed.

(n) 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.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.)

(s) 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.

(t) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 3 to 15 years
- Motor vehicles and other equipment 3 to 5 years
- Building and property over lease term

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(u) Cloud computing costs

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Where costs are incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the company has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

(v) 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 2023. 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 18.

Research and development refundable tax offsets

There is significant judgment in the Group's recognition of refundable R&D tax incentive income and receivables, including whether in accordance with the requirements of AASB 120 Accounting for Government Grants and Disclosure of Government Assistance there is reasonable assurance the Group has complied with the conditions attached to the incentive, and that the tax incentive will be received. Refer to note 4 and note 9 for further information.

NOTE 3 SEGMENT INFORMATION

For management purposes, the Group organises and reports on three operating segments as follows:

- The corporate segment which includes all corporate head office costs, shared services and capital raisings for the group. This segment also holds the Sewa Bay EL 1761 lease tenement in PNG.
- The TECH project segment which houses all activities related to the TECH project in Townsville.
- The QPM Energy segment which pertains to all gas development and CAH project works.

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.

Notes to the Consolidated Financial Statements

NOTE 3 SEGMENT INFORMATION (CONT.)

	Corporate	TECH Project	QPM Energy	Total
Year Ended 30 June 2023				
Other income	190,353	25,592,362	-	25,782,715
Net FX Gain/(Loss)	589,362	13,108	-	602,470
SBP Expense	1,329,036	-	-	1,329,036
Result (loss)	(12,055,559)	(20,062,108)	(6,934,528)	(39,052,195)
Total assets	6,580,138	25,922,741	1,522,060	34,024,939
Total liabilities	(1,931,720)	(10,647,198)	(1,432,368)	(14,011,286)
Year Ended 30 June 2022				
Other income	31,770	2,581,010	-	2,612,780
Result (loss)	(8,801,645)	(29,233,924)	(18,750)	(38,054,319)
Total assets	28,975,029	4,804,040	1,975	33,781,044
Total liabilities	(1,579,808)	(6,187,622)	(20,625)	(7,788,055)

NOTE 4 REVENUE AND OTHER INCOME

	2023	2022
	\$	\$
Revenue from continuing operations		
<i>Other income</i>		
Interest received	272,396	5,661
Refundable R&D*	25,510,319	2,206,967
Gain on termination of lease	-	26,310
	<u>25,782,715</u>	<u>2,238,938</u>

*The current year's refundable R&D total includes the tax offsets for the year ended 30 June 2022 and 30 June 2023. Prior year's refundable R&D was not booked in the year ended 30 June 2022 as management concluded there was not reasonable assurance the amount was receivable. During the period the refund related to 30 June 2022 was received in full totalling \$10.17 million.

The amounts related to the year ended 30 June 2023, have been recognised and remain receivable at 30 June 2023. Refer to Note 9.

All expenditure incurred in relation to R&D has been expensed.

NOTE 4a REVENUE AND OTHER INCOME

	2023	2022
	\$	\$
Grant income		
CRC grant income*	-	373,842
	<u>-</u>	<u>373,842</u>

*During the prior year \$373,842 was received by Queensland Pacific Metals for the ongoing feasibility work for the TECH Project. \$373,842 was recognised as income during the period ended 30 June 2022, as it was the period in which the eligible expenditure was incurred.

Notes to the Consolidated Financial Statements

NOTE 5	EXPENSES	2023	2022
		\$	\$

NOTE 5a EXPENSES

Employee benefits

Salaries and wages	5,175,748	4,000,596
Superannuation	555,803	364,497
	<u>5,731,551</u>	<u>4,365,093</u>

NOTE 5b EXPENSES

Acquisition Costs ⁽ⁱ⁾	1,792,227	-
	<u>1,792,227</u>	<u>-</u>

- (i) All acquisition costs pertain to the acquisition of the Moranbah Project that completed subsequent to year end. The costs incurred largely consist of legal fees, stamp duty, valuation fees, and advisory fees for transitioning ownership over from the vendors to QPM Energy Pty Ltd.

As the transaction constitutes a business combination under IFRS3, all of the acquisition costs were accordingly expensed as incurred.

NOTE 6 INCOME TAX

(a) The components of tax expense comprise:	2023	2022
	\$	\$
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	-	-

- (b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Loss before income tax expense	<u>(39,052,195)</u>	(38,054,319)
Prima facie tax benefit on loss before income tax at 30% (2022: 30%)	<u>(11,715,658)</u>	(11,416,296)
Tax effect of:		
Non-deductible expenses	404,390	(212,616)
R&D tax incentive non-taxable	(7,648,967)	(662,090)
R&D tax offset expenditure not deductible	9,478,334	7,016,035
Tax losses and temporary differences not brought to account	<u>9,481,902</u>	<u>5,274,967</u>
Total	<u>-</u>	<u>-</u>

Notes to the Consolidated Financial Statements

NOTE 6 INCOME TAX (CONT.)

Tax losses not recognised

Unused tax losses for which no deferred tax asset has been recognised	38,445,174	29,940,976
Potential tax benefit at 30%	11,533,552	8,982,294

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% (2022: 30%) not brought to account which is attributable to tax losses carried forward at 30 June 2023 is \$11,533,552 (2022: \$8,982,294).

(c) Deferred tax assets and liabilities

Right of use assets	(162,498)	(179,927)
Other deductible temporary differences	4,088,717	(71,234)
Black hole deductions	873,931	909,823
Other provisions	145,810	116,822
Accrued expenses	2,790,917	18,967
Exploration and evaluation expenditure	-	-
Lease liabilities	171,483	183,267
Tax losses carried forward	11,533,552	8,982,294
Deferred tax assets not brought to account	(19,441,912)	(9,960,012)
Total	-	-

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.

	2023	2022
Net loss for the year (\$)	(39,052,195)	(38,054,319)
Weighted average number of ordinary shares for basic and diluted loss per share.	1,692,610,029	1,158,740,212
Continuing operations		
Basic and diluted loss per share (cents)	(2.31)	(3.28)

Given the loss making for the period the basic and diluted earnings per share are the same.

Notes to the Consolidated Financial Statements

NOTE 8 CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank and in hand	15,755,410	31,382,958
	<u>15,755,410</u>	<u>31,382,958</u>

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 20.

Loss for the financial year	(39,052,195)	(38,054,319)
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Adjustments for:

Impairment of asset	6,310	1,155,372
Share based payments	1,329,036	316,229
Amortisation	173,125	121,802
Depreciation	53,541	39,822

Changes in assets and liabilities

(Increase)/ decrease in other receivables	(14,768,012)	(910,379)
Increase/ (decrease) in trade and other payables	4,476,869	4,324,947
Increase/ (decrease) in deferred revenue	1,840,000	-
Increase/ (decrease) in provisions	164,461	304,843
Unrealised FX Gain/Loss	582,046	-

Net cash used in operating activities	(45,194,819)	(32,701,684)
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(b) Non-cash investing and financing activities

	2023	2022
	\$	\$
Additions to right of use assets (note 15)	115,028	669,497
	<u>115,028</u>	<u>669,497</u>

Changes in liabilities arising from financing activities

Consolidated	Lease		Total
	Loans	Liability	
	\$	\$	\$
Balance at 30 June 2021	1,000,000	384,439	1,384,439
Acquisition of leases	-	669,497	669,497
Lease modification	-	20,757	20,757
Lease termination	-	(369,198)	(369,198)
Interest	31,898	22,446	54,344
Net cash flow	(1,031,898)	(117,053)	(1,148,951)
Balance at 30 June 2022	-	610,888	610,888
Acquisition of leases	-	115,028	115,028
Interest	-	27,035	27,035
Net cash flow	-	(181,341)	(181,341)
Balance at 30 June 2023	-	571,610	571,610

NOTE 9 OTHER RECEIVABLES

	2023	2022
	\$	\$
GST receivable	564,133	1,085,468
Other deposits and receivables	15,349,977	29,171
Prepayments	205,989	237,448
	<u>16,120,099</u>	<u>1,352,087</u>

Notes to the Consolidated Financial Statements

NOTE 9 OTHER RECEIVABLES (CONT.)

The Company did not recognise any loss in the profit or loss in respect of expected credit losses for the year ended 30 June 2023 and 30 June 2022.

The other receivables amount reflects the research and development tax offset for the year ended 30 June 2023. Management is comfortable that this grant is receivable at year end as QPM has received its lodged R&D refunds in full for the past consecutive three years and has an advanced finding for the project. Further, the total R&D expenses claimed in the current period all pertain to core R&D activities that have been certified by AusIndustry as eligible core R&D activities under section 28A of the Industry Research and Development Act 1986.

NOTE 9a OTHER RECEIVABLES	2023	2022
	\$	\$
Long term deposits*	626,272	-
	626,272	-

*Long term deposits are term deposits held as security against the company's long-term lending facilities. The Company's exposure to interest rate and credit risks is disclosed in Note 20.

NOTE 10 EXPLORATION AND EVALUATION	2023	2022
	\$	\$
Opening balance	145,889	1,160,346
Additions capitalised during the period	68,784	140,915
Impairment of capitalised expenditure ⁽ⁱ⁾	(6,310)	(1,155,372)
	208,363	145,889

(ii) An impairment expense of \$6,310 was incurred in the year ended 30 June 2023 (2022: \$1,155,372). The impairment follows the prior year decision by management to not renew and relinquished the Serpentinite tenement held by QPM Technology Pty Ltd. Under AASB 6 Exploration for and Evaluation of Mineral Resources this required the capitalised expenditure in respect of the tenement to be written off at 30 June 2023.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT	2023	2022
	\$	\$
Plant & Equipment		
At cost	230,807	111,935
Accumulated depreciation	(78,489)	(36,674)
	152,318	75,261
Motor Vehicles		
At cost	33,919	33,919
Accumulated depreciation	(16,959)	(10,176)
	16,960	23,743
Leasehold Improvements		
At Cost	35,542	22,999
Accumulated depreciation	(11,842)	(6,899)
	23,700	16,100
Work in Progress		
At Cost	580,157	185,249
	773,135	300,353

Notes to the Consolidated Financial Statements

NOTE 11 PROPERTY, PLANT AND EQUIPMENT (CONT.)

Movements in carrying amounts

Consolidated	Plant & Equipment	Motor Vehicles	Leasehold Improvements	Work In Progress	Total
At 30 June 2023					
Opening net book amount	75,261	23,743	16,100	185,249	300,353
Additions	33,107	-	4,548	680,455	718,110
Transfers from Work in Progress	277,552	-	7,995	(285,547)	-
Disposed/Written Off	(191,787)	-	-	-	(191,787)
Depreciation Expense	(41,815)	(6,783)	(4,943)	-	(53,541)
Closing net book amount	152,318	16,960	23,700	580,157	773,135
At 30 June 2022					
Opening net book amount	42,060	33,919	22,999	-	98,978
Additions	69,875	-	-	185,249	255,124
Transfers from Work in Progress	-	-	-	-	-
Disposed/Written Off	-	-	-	-	-
Depreciation Expense	(36,674)	(10,176)	(6,899)	-	(53,749)
Closing net book amount	75,261	23,743	16,100	185,249	300,353

Accounting policy for property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2-5 years
Motor vehicles	5 years
Leasehold Improvements	5 years
Right-of-use asset - property lease	Lease term

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

NOTE 12 TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade payables ^{(i) (ii)}	790,639	5,145,475
Accrued expenses	9,691,603	1,477,670
Other payables	631,404	232,451
	11,113,646	6,855,596

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

(ii) Refer to note 20 for further information on financial instruments.

Notes to the Consolidated Financial Statements

NOTE 13	EMPLOYEE ENTITLEMENTS	2023	2022
		\$	\$
	Annual leave provision	459,591	321,571
	Long service leave	26,441	-
		486,032	321,571

NOTE 14	DEFERRED GRANT INCOME	2023	2022
		\$	\$
	Current		
	Government Grant – Critical Minerals Development Project	1,840,000	-
		1,840,000	-

In May 2023, QPMT was awarded a \$5 million grant from the Australian Federal Government under the Critical Minerals Development Program. The grant funding is to support the ongoing Front End Engineering Design (“FEED”) of the TECH Project. The grant period runs from 30 June 2023 and ends on 31 December 2024. The first instalment (\$1,840,000) of the grant was received in June 2023 (prior to any eligible expenditure being incurred). Funding received is only to be spent on eligible expenditures as defined in the grant agreement and in line with the activity budget. As of 30 June 2023, the Group did not incur eligible expenditure which met the requirements of the grant conditions. It is expected that eligible expenditure will be incurred in FY24 and treated as grant income once all conditions attached have been met.

NOTE 15	RIGHT OF USE ASSET AND LEASE LIABILITY	2023	2022
		\$	\$
	Right of Use asset		
	Property		
	At 1 July	599,757	372,744
	Lease modification	-	20,757
	Lease de-recognised (terminated)	-	(341,439)
	New leases entered	115,028	669,497
	Depreciated	(173,125)	(121,802)
	At 30 June	541,660	599,757

The amount of amortisation recognised in the consolidated statement of profit or loss was \$173,125 (2022: \$121,802).

	2023	2022
	\$	\$
Lease liability		
Property		
At 1 July	610,888	384,439
Lease modification	-	20,757
Lease de-recognised (terminated)	-	(369,198)
New leases entered	115,028	669,497
Lease payments	(181,341)	(117,053)
Interest	27,033	22,446
At 30 June	571,608	610,888

The total cash outflow for the leases was \$181,341 (2022: \$117,053).

Refer to note 1(t) for lease maturity.

Notes to the Consolidated Financial Statements

NOTE 16 CONTRIBUTED EQUITY

(a) Issued and fully paid	2023		2022	
	\$	No.	\$	No.
Ordinary shares	113,574,307	1,746,347,922	86,366,328	1,563,613,131

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	\$
1 July 2021	1,201,847,575	38,508,705
Placement of shares (net of costs)	329,265,556	46,887,386
Conversion of unlisted options (net of costs)	32,500,000	970,237
At 30 June 2022	1,563,613,131	86,366,328
1 July 2022	1,563,613,131	86,366,328
Placement of shares (net of costs) ⁽ⁱ⁾	174,634,791	26,967,049
Conversion of unlisted options (net of costs) ⁽ⁱⁱ⁾	8,100,000	240,930
At 30 June 2023	1,746,347,922	113,574,307

(i) 174,634,791 shares issued to General Motors and share issue costs of \$582,594. General Motors was also provided \$4,535,844 in options for nil consideration which as also been treated as share issued costs.

(ii) Exercise of 8,100,000 unlisted options by previous directors, inclusive of \$2,070 share issue costs.

NOTE 17 RESERVES

	2023	2022
	\$	\$
Share-based payment reserve	12,759,577	6,894,697
	12,759,577	6,894,697
Share-based payment reserve		
Balance at the beginning of the year	6,894,697	6,578,468
Options ⁽ⁱ⁾	-	243,228
Performance rights ⁽ⁱ⁾	1,329,036	73,001
Equity raising investor options ⁽ⁱ⁾	4,535,844	
Balance at the end of the year	12,759,577	6,894,697

(i) Refer to note 18

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.

Notes to the Consolidated Financial Statements

NOTE 18 SHARE-BASED PAYMENTS

	2023	2022
	\$	\$
(a) Recognised share-based payment transactions		
Options - director ⁽ⁱ⁾	-	243,228
Performance rights – ore supply and export approval milestones ⁽ⁱⁱ⁾		65,001
Performance rights –ERP milestone ⁽ⁱⁱⁱ⁾		8,000
Performance Rights - ST11 ^(iv)	747,586	-
Performance Rights - ST12A ^(v)	163,125	-
Performance Rights - LT12A ^(vi)	163,125	-
Performance Rights - M6-3 ^(vii)	276,000	-
Write back non-market based performance rights (EXP3) lapsed in current year	(20,800)	-
	1,329,036	316,229

(i) Options – director

In the prior year, 1,000,000 options were granted to Sharna Glover and John 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%
Conversion price	\$0.00

(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 wet metric tons (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 \$	Expense recorded in 2022 \$
Employee	250,000	11/10/2021	0.26	65,001
				65,001

Notes to the Consolidated Financial Statements

NOTE 18 SHARE-BASED PAYMENTS (CONT.)

(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 \$	Expense \$
Employee	50,000	01/07/2021	0.16	8,000
				8,000

(iv) *Performance rights – STI1*

On 23 September 2022, 3,439,669 performance rights were issued to all employees whilst 2,934,782 rights were issued to key management personnel as part of a company wide initiative to recognise and appreciate everyone's collective efforts throughout the year. The performance rights issued to all employees, excluding directors, were granted on 23 September whilst the rights issued to directors were subject to shareholder approval. As such, the latter were granted on 25 November 2022 following shareholder approval at the AGM. The rights immediately vest upon the recipient being employed for at least 12 months from the grant date. On 17 May 2023, 79,565 STI1 performance rights were retrospectively issued to an employee under the terms as those granted on 23 September 2022.

Given it is highly likely that this service condition will be met, the share-based payment was expensed as at 30 June 2023. The total expense for the year was \$747,586 and has been recognised as a share-based payment expense in the statement of profit or loss.

The following inputs were used to estimate the fair value per right.

STI1 – issued to employees, excluding directors

Letter of Offer	28/11/2022
Grant Date	23/09/2022
Value per right	\$0.145
Conversion price	\$0.000

STI1 – issued to directors

Letter of Offer	20/12/2022
Grant Date	25/11/2022
Value per right	\$0.175
Conversion price	\$0.000

(v) *Performance rights – STI2A*

On 23 September 2022, management granted an employee 1,125,000 performance rights with the rights vesting as soon as the company secures sufficient gas reserves to supply TECH Project for 10 years. This is also subject to continued service. As at 30 June 2023, management assessed it was highly likely that this milestone would be met by 23 September 2023. As such, an expense of \$163,125 was recognised in the share-based payment reserve and statement of profit or loss.

Notes to the Consolidated Financial Statements

NOTE 18 SHARE-BASED PAYMENTS (CONT.)

Letter of Offer	28/11/2022
Grant Date	23/09/2022
Value per right	\$0.145
Conversion price	\$0.000

(vi) *Performance rights – LT12A*

On 23 September 2022, management granted an employee 1,125,000 performance rights with the rights vesting as soon as Gas is being supplied to TECH Project and forecast production from Northern Bowen Basin is sufficient to meet TECH Project's production. This is also subject to continued service. As at 30 June 2023, management assessed it was highly likely that this milestone would be met by 23 September 2023. As such, an expense of \$163,125 was recognised in the share-based payment reserve and statement of profit or loss.

Letter of Offer	28/11/2022
Grant Date	23/09/2022
Value per right	\$0.145
Conversion price	\$0.000

(vii) *Performance rights – M6-3 (Milestone 6)*

As announced to the ASX, the federal government's approval to construct and operate the TECH Project and the federal Material Change of Use Development Application ("MCU DA") were awarded to QPM on 4 November and 15 December 2022, respectively. Accordingly, all performance rights in relation to this milestone vested during the year and an expense of \$276,000 was recorded in the profit or loss. The fair value of the performance rights is based on the share price on grant date.

Milestone	No. Performance Rights
Obtain all regulatory approvals required to build the TECH Project on or before 30 November 2022.	5,200,000

Notes to the Consolidated Financial Statements

NOTE 18 SHARE-BASED PAYMENTS (CONT.)

(a) Summary of Options

Options	Grant Date	Vesting 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 ⁽ⁱ⁾	30/11/2017	Immediately	21/12/2022	0.03	6,100,000	-	(6,100,000)	-	-
	1/5/2019	Immediately	21/05/2022	0.03	2,000,000	-	(2,000,000)	-	-
Advisors	2/12/2020	Immediately	25/09/2023	0.03	10,000,000	-	-	-	10,000,000
Corporate advisor	21/2/2021	Immediately	2/08/2023	0.116	21,000,000	-	-	-	21,000,000
Director	1/5/2021	Immediately	2/08/2024	0.15	1,000,000	-	-	-	1,000,000
Director	23/11/2021	Immediately	24/11/2024	0.28	2,000,000	-	-	-	2,000,000
External investors ⁽ⁱⁱ⁾	21/11/2022	Immediately	21/11/2025	0.20	-	46,833,661	-	-	46,833,661
Total					42,100,000	46,833,661	(8,100,000)	-	80,833,661
Vested and exercisable					42,100,000				42,100,000

(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) Options - GM Offtake

As announced on the ASX on 12 October 2022, QPM entered into a binding equity subscription agreement and offtake agreement with General Motors Holdings LLC. As part of the initial binding commitment, 46,833,661 unquoted options were issued to GM with an exercise price of A\$0.20 and a term of 3 years from the date of issue. The issue of options was subject to share holder approval which was subsequently granted on 21 November 2022 at the EGM. As there were no services or goods exchanged for the options, this transaction was outside the scope of AASB 2. It is of the view that these options were granted as part of the capital raising and so form part of the total subscription received. The following inputs were used in the Black Scholes model to calculate the fair value of the options issue. \$4,535,844 of the total subscription monies was classed against the equity raise options reserve:

Grant Date	21/11/2022
Expected volatility	85.28%
Dividend yield	0%
Risk free rate	3.23%
Value per option	\$0.097
Conversion price	\$0.00

Notes to the Consolidated Financial Statements

NOTE 18 SHARE-BASED PAYMENTS (CONT.)

(b) Summary of performance rights

Milestone	Grant date	Fair value \$	Expiry Date	Opening	Granted during the period	Lapsed	Closing	Vested/ exercisable
(Milestone 1): The Company enters into a Memorandum of Understanding (whether legally binding or not) with a potential customer regarding nickel sulphate offtake for the TECH Project which is required to be announced by the Company on the ASX.	15/12/2020	0.02	n/a	3,750,000	-	-	3,750,000	3,750,000
	21/07/2020	0.04						
(Milestone 2): The Company enters into a legally binding offtake agreements for at least 35% of the forecast nickel sulphate production for the first ≥ 5 years of TECH Project.	15/12/2020	0.02	n/a	7,500,000	-	-	7,500,000	7,500,000
	21/07/2020	0.04						
(Milestone 3): The Company enters into a legally binding offtake agreements for at least 35% of the forecast cobalt sulphate production for the first ≥ 5 years of TECH Project.	15/12/2020	0.02	n/a	2,250,000	-	-	2,250,000	2,250,000
	21/07/2020	0.04						
(Milestone 4): The Company enters into a legally binding offtake agreements for at least 35% of the forecast combined value of the iron oxide, high purity alumina and magnesia production for the first ≥ 3 years of TECH Project.	15/12/2020	0.02	n/a	3,000,000	-	-	3,000,000	-
	21/07/2020	0.04						
(Milestone 6): Obtain all regulatory approvals required to build the TECH Project.	01/05/2021	0.14	31 Aug 22	9,250,000	-	9,250,000	-	-
	01/07/2021	0.16						
	15/12/2020	0.03	30 Nov 22	5,200,000	-	-	5,200,000	5,200,000
	21/07/2020	0.04						
	01/05/2021	0.14						
	01/07/2021	0.16						
	15/12/2020	0.03						
	21/07/2020	0.04						

Milestone	Grant date	Fair value \$	Expiry Date	Opening	Granted during the period	Lapsed	Closing	Vested/ exercisable
(Milestone 7): The Board of the Company reaches a Final Investment Decision (FID) to proceed with the construction of the TECH Project.	21/07/2020	0.04	15 Nov 22	26,575,000	-	26,575,000	-	-
	15/12/2020	0.03						
	30/03/2021	0.08						
	01/04/2021	0.09						
	01/05/2021	0.14						
	17/05/2021	0.10						
	01/07/2021	0.16						
	26/07/2021	0.16						
	13/09/2021	0.16						
	07/12/2021	0.18						
	21/07/2020	0.04	31 May 23	21,103,334	-	21,103,334	-	-
	15/12/2020	0.03						
	30/03/2021	0.08						
	01/04/2021	0.09						
	01/05/2021	0.14						
	17/05/2021	0.10						
	01/07/2021	0.16						
	26/07/2021	0.16						
	13/09/2021	0.16						
	07/12/2021	0.18						
	21/07/2020	0.04	30 Nov 23	11,881,666	-	-	11,881,666	-
	15/12/2020	0.03						
	30/03/2021	0.08						
	01/04/2021	0.09						
	01/05/2021	0.14						
	17/05/2021	0.10						
	01/07/2021	0.16						
26/07/2021	0.16							
13/09/2021	0.16							
07/12/2021	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
Signing of ore supply agreements	11/10/2021	0.26	Ongoing	70,000	-	-	70,000	70,000
Commercial agreement relating to increasing security of ore supply	11/10/2021	0.26	1 Feb 22 to 31 Mar 22	100,000	-	-	100,000	100,000
FID to build the TECH Project	01/07/2021	0.10	Ongoing	6,000,000	-	-	6,000,000	-
	15/05/2019	0.10	On or before 15 November 2022	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	-

Milestone	Grant date	Fair value \$	Expiry Date	Opening	Granted during the period	Lapsed	Closing	Vested/ exercisable
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	-
12 month staff retention expiring 23 September 2023	23/09/2022 25/11/2022	0.145 0.175	23/09/2023	-	6,454,016		6,454,016	-
Obtaining FID for the TECH Project expiring 31 May 2024	23/09/2022 25/11/2022	0.145 0.175	31/05/2024	-	6,002,929		6,002,929	-
3 year staff retention expiring 23 September 2025	23/09/2022 25/11/2022	0.145 0.175	23/09/2025	-	6,553,698		6,553,698	-
First production at the TECH Project expiring 30 November 2027	23/09/2022 25/11/2022	0.145 0.175	30/11/2027	-	5,428,698		5,428,698	-
The Company secures sufficient gas reserves to supply TECH Project for 10 years	23/09/2022	0.145	30/12/2032	-	1,125,000		1,125,000	-
Gas is being supplied to TECH Project and forecast production from NBB is sufficient to meet TECH Project's production req for 10 years	23/09/2022	0.145	30/12/2032	-	1,125,000		1,125,000	-

Notes to the Consolidated Financial Statements

NOTE 19 RELATED PARTY DISCLOSURES

Related Party Transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Key management personnel of the Group:		Sales to related parties	Purchases from related parties	Amounts owed by related parties *	Amount owed to related parties*
CPS Capital Group Pty Ltd ⁽ⁱ⁾	2023	-	77,730	-	7,671
	2022	-	-	-	-
Keronga Development Pty Ltd ⁽ⁱⁱ⁾	2023	-	88,270	-	6,446
	2022	-	80,667	-	6,417
King Corporate Pty Ltd ⁽ⁱⁱⁱ⁾	2023	-	-	-	-
	2022	-	60,833	-	-
Mineral Intelligence Pty Ltd ^(iv)	2023	-	-	-	-
	2022	-	10,500	-	-

* The amounts are classified as trade receivables and trade payables, respectively (see Note 9 and 12)

- (i) In FY23 non-executive chairman and non-executive director fees were paid to Eddie King's new company CPS Capital Group Pty Ltd.
- (ii) Non-executive director fees were paid to Keronga Development Pty Ltd; a Company of which Jim Simpson is a Director.
- (iii) In FY22, non-executive chairman and non-executive director fees were paid to King Corporate Pty Ltd, a Company of which Eddie King is a Director.
- (iv) In FY22, director fees were paid to Mineral Intelligence Pty Ltd, a Company of which Cameron Mclean is a Director. Cameron was paid director fees for his executive services from July 2021 until his resignation in September 2021.

Key Management Personnel Compensation

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

	2023 \$	2022 \$
Short-term benefits	2,020,638	1,683,105
Superannuation	171,630	151,562
Long-term benefits	45,314	152,490
Share-based payments (Remuneration Report - Table 1)	1,057,352	243,228
Other	394,725	55,330
	3,689,659	2,285,715

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.

Notes to the Consolidated Financial Statements

NOTE 20 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:

	2023	2022
	\$	\$
Financial Assets		
Cash and cash equivalents	15,755,410	31,382,958
Long term deposits	626,272	-
Trade and other receivables	796,793	1,352,087
	<u>17,178,475</u>	<u>32,735,045</u>
	2023	2022
	\$	\$
Financial Liabilities		
Trade and other payables	11,113,646	6,855,596
Lease liabilities	571,608	610,888
Borrowings	-	-
	<u>11,685,254</u>	<u>7,466,484</u>

(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:

	2023		2022	
	Weighted average interest rate ⁽ⁱ⁾	Balance \$	Weighted average interest rate	Balance \$
Cash and cash equivalents	1.69%	15,755,410	0.02%	31,382,958

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

Notes to the Consolidated Financial Statements

NOTE 20 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) \$	
	2023	2022
+ 1.0% (100 basis points)	157,554	313,830
- 1.0% (100 basis points)	(157,554)	(313,830)

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 of 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.

2023	Carrying amount	6 months	6-12 months	1-5 years	>5 years	Total
	\$	\$	\$	\$	\$	\$
Trade and other payables	11,113,646	11,113,646	-	-	-	11,113,646
Lease liabilities ⁽ⁱ⁾	571,608	291,799	291,799	2,590,132	1,363,321	4,537,051
Total Financial Liabilities	11,685,254	11,405,445	291,799	2,590,132	1,363,321	15,650,697
2022						
Trade and other payables	6,855,596	6,855,596	-	-	-	6,855,596
Lease liabilities	610,888	85,446	89,006	490,459	-	664,911
Total Financial Liabilities	7,466,484	6,941,042	86,006	490,459	-	7,520,507

(i) The company commenced a new office lease on the 1 July 2023 for Level 10, 307 Queen Street.

(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.

Notes to the Consolidated Financial Statements

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

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").

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is now exposed to the risk of changes in foreign exchange rates including US dollars and Central Pacific Francs given that the group now often transacts in these currencies. At current, the Group does not enter into any hedges given the risk is short term in nature. There were no material cash balances held at the period ended 30 June 2022.

NOTE 21 COMMITMENTS

	2023	2022
	\$	\$
Exploration commitments		
Within one year	40,928	38,999
Later than one year but not later than five years	-	-
Later than five years	-	-
Total	<u>40,928</u>	<u>38,999</u>
Other expenditure commitments		
Within one year	13,349,965	5,821,742
Later than one year but not later than five years	-	-
Later than five years	-	-
Total	<u>13,349,965</u>	<u>5,821,742</u>
Total exploration and other expenditure commitments	<u>13,390,893</u>	<u>5,860,741</u>

NOTE 22 AUDITOR'S REMUNERATION

	2023	2022
	\$	\$
Amounts received or due and receivable by Ernst & Young for:		
Audit of the annual financial report	74,880	-
Other services – Ernst & Young *	206,095	-
	<u>280,975</u>	<u>-</u>

* The non-audit services provided above relate to engagements completed prior to EY accepting appointment as auditors.

Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit and review of the annual and half-year financial report	52,415	56,061
Other services – BDO Corporate Taxation (WA) Pty Ltd	25,430	18,655
	<u>77,845</u>	<u>74,716</u>
Amounts received or due and receivable by Ernst & Young and BDO Audit (WA) for:	<u>358,820</u>	<u>74,716</u>

Notes to the Consolidated Financial Statements

NOTE 23 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	Country of Incorporation	Ownership interest	
			2023	2022
			%	%
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	100
QPM Energy Holdings No.1 Pty Ltd ⁽ⁱ⁾	Holding Company	Australia	100	-
QPM Energy Holdings No.2 Pty Ltd ⁽ⁱ⁾	Holding Company	Australia	100	-
QPM Energy (MGP Upstream) Pty Ltd ⁽ⁱ⁾	Gas	Australia	100	-
QPM Energy (Midstream) Pty Ltd ⁽ⁱ⁾	Gas	Australia	100	-
QPM Energy Markets Pty Ltd ⁽ⁱ⁾	Gas	Australia	100	-
QPM Energy (Merchant Services) Pty Ltd ⁽ⁱⁱ⁾	Gas	Australia	100	-
⁽ⁱ⁾	New entity incorporated 3 February 2023			
⁽ⁱⁱ⁾	New entity incorporated 2 May 2023			

NOTE 24 PARENT ENTITY

	2023	2022
	\$	\$
Assets		
Current assets	5,044,148	20,758,516
Non-current assets	16,902,043	6,814,278
Total assets	21,946,191	27,572,795
Liabilities		
Current liabilities	1,609,628	1,118,031
Non-current liabilities	322,910	461,777
Total liabilities	1,932,538	1,579,808
Equity		
Contributed equity	113,574,307	86,366,327
Reserves	12,749,024	6,884,143
Accumulated losses	(106,309,678)	(67,257,482)
Total equity	20,013,653	25,992,987
Loss for the year	(39,052,195)	(40,556,182)
Total comprehensive loss	(39,052,195)	(40,556,182)

Notes to the Consolidated Financial Statements

NOTE 25 EVENTS AFTER THE REPORTING DATE

On August 25, 2023, QPM acquired 100% of the Moranbah Project, obtaining control on the same day. The Moranbah Project provides a source of electricity/gas which is expected to provide the power needed for the TECH Project. Consideration of \$5 million was paid to the vendors for the Moranbah Project, however QPM received amounts to compensate them for ongoing contractual commitments which were novated to QPM from the vendors. This milestone was highlighted by the successful receipt of \$30 million in settlement proceeds from the project's sellers. All key assets and contracts have now been novated to QPM Energy and operational control of the Moranbah project commenced August 31. Given the proximity of the transaction to the release date of this report, the initial accounting for the business combination is incomplete at the time this report is being authorised for issue. The Group has engaged a number of advisors to assist with the fair value assessment of the acquired assets and liabilities, whom are yet to complete their work and provide their results to QPM.

Subsequent to year end, QPM also announced a capital raising initiative aimed at generating up to A\$24 million in gross proceeds via \$16 million placement of new fully paid ordinary shares and up to \$8 million share purchase plan ("SPP").

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 2023 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 2023



**Building a better
working world**

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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 (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit of loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Australian Research and Development (R&D) Refundable Tax Incentives

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 4 <i>Revenue and Other Income</i> to the Financial Statements, the Group recorded research and development ("R&D") refundable tax incentive income of \$25.5 million in the Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2023. This amount comprises:</p> <ul style="list-style-type: none"> ▶ \$10.2 million received from the Australian Tax Office during the period, related to eligible R&D expenditure incurred during the financial year ended 30 June 2022. This was not recognised in the previous year ended 30 June 2022, as it was concluded there was not reasonable assurance that the requirements of the incentive had been complied with; and ▶ \$15.3 million R&D receivable recorded in respect of eligible R&D expenditure incurred during the financial year ended 30 June 2023 as the Group assessed there was reasonable assurance that the requirements of the incentive has been complied with and the amount will be received. <p>This is a key audit matter as there significant judgment in the Group's recognition of R&D tax incentive income and receivables, including whether in accordance with the requirements of AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i> there is <i>reasonable assurance</i> the Group has complied with the conditions attached to the incentive, and that the tax incentive will be received.</p>	<p>The audit procedures performed included the following:</p> <ul style="list-style-type: none"> ▶ Assessed the application of AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>. ▶ With respect to the Group's claim for eligible R&D expenditure for the previous year ended 30 June 2022, we confirmed the R&D tax incentive amount was received in cash from the Australian Tax Office ("ATO"), evaluated the Group's R&D tax incentive application for 30 June 2023, and read and considered relevant correspondence from the ATO and AusIndustry. ▶ With respect to Group's receivable recognised for eligible R&D expenditure for the year ended 30 June 2023, we involved our R&D taxation specialists. In conjunction with our specialists, we: <ul style="list-style-type: none"> ▪ Read the <i>Advanced Finding</i> from AusIndustry and other relevant correspondence from the ATO; ▪ Assessed the sufficiency and appropriateness of the Group's documentation supporting its assessment <i>reasonable assurance</i> exists that the R&D incentive amounts comply with the requirements of the applicable tax legislation and the Group's <i>Advanced Finding</i> from AusIndustry;

Why significant	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> ▪ Evaluated the appropriateness of the corporate tax rate used to measure the amount of the R&D tax incentive receivable; and ▪ Evaluated if the R&D expenditure incurred, which is to be included within the incentive claim for the period ended 30 June 2023, meets the eligibility criteria of the R&D tax incentive scheme and the Group's <i>Advanced Finding</i>. <p>► Assessed the adequacy of the Group's disclosures in relation to the R&D amounts received and receivable and related accounting policies included in the Notes to the financial statements.</p>

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 25 of the directors' report for the year ended 30 June 2023

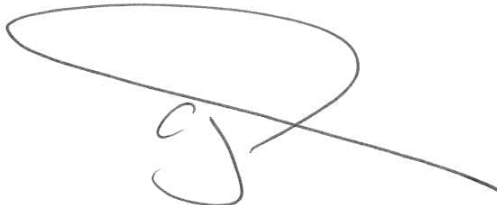
In our opinion, the Remuneration Report of Queensland Pacific Metals Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

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.



Ernst & Young



Andrew Carrick
Partner
Brisbane
29 September 2023

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

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 22 September 2023.

TWENTY LARGEST SHAREHOLDERS

1	GENERAL MOTORS HOLDINGS LLC	196,063,363	9.88
2	CITICORP NOMINEES PTY LIMITED	186,208,190	9.38
3	BNP PARIBAS NOMS PTY LTD <DRP>	77,206,899	3.89
4	SOCIT DES MINES DE LA TONTOUTA	71,428,572	3.60
5	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	52,367,653	2.64
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	36,221,767	1.82
7	MR KENNETH JOSEPH HALL <HALL PARK A/C>	35,097,287	1.77
8	MR JOHN CHARLES DOWNIE	33,482,033	1.69
9	MR ANDREW MARTIN MATHESON	30,000,000	1.51
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	24,737,785	1.25
11	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	20,637,865	1.04
12	MS XIAODAN WU	19,859,644	1.00
13	MR EDDY SAMUEL HADDAD	15,165,390	0.76
14	MR JOHN KHOO	12,295,666	0.62
15	KING CORPORATE PTY LTD	11,750,000	0.59
16	MR MARIO MENELAOU + MS MARIA SUSAN MENELAOU <ISM SUPERANNUATION FUND A/C>	11,653,808	0.59
17	PALM BEACH NOMINEES PTY LIMITED	10,914,286	0.55
18	THE ANTONOPOULOS INVESTMENT FUND PTY LTD < ANTONOPOULOS INVT FUND A/C>	10,558,600	0.53
19	DRAB INVESTMENTS PTY LTD <DRABA SUPER FUND A/C>	10,211,518	0.51
20	MR PETER DAMIEN THORPE	10,085,000	0.51
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		875,945,326	44.13

ASX Additional information

DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

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

Range	Total holders	Units	% Units
1 - 1,000	169	27,804	0.00
1,001 - 5,000	1,878	6,611,148	0.33
5,001 - 10,000	1,950	15,312,288	0.77
10,001 - 50,000	4,125	106,445,565	5.36
50,001 - 150,000	1,759	157,350,944	7.93
150,001 Over	1,292	1,699,171,602	85.60
Rounding			0.01
Total	11,173	1,984,919,351	100.00

(ii) Unlisted Options

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.

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.

5,200,000 Milestone 6 Performance rights.

17,500,000 Milestone 7 Performance rights.

220,000 Performance rights 2022

13,581,945 STI Performance rights

13,107,396 LTI 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:

1	GENERAL MOTORS HOLDINGS LLC	196,063,363	9.88
2	CITICORP NOMINEES PTY LIMITED	186,208,190	9.38

RESTRICTED SECURITIES

There were no restricted securities.

UNMARKETABLE PARCELS

There were 3,236 holders of less than a marketable parcel of ordinary shares, which as at 22 September 2023 was 8,621.

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.
EL 1761	Renewal application submitted and pending approval	11 Mar 2020	18 Sep 2020	12 Mar 2022	100%	Sewa Bay	Queensland Pacific Metals Ltd