



(formerly Pure Minerals Limited)

ABN 61 125 368 658

**Annual Report for the Year
Ended 30 June 2021**

Annual Report

For the year ended 30 June 2021

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Corporate Directory

Board of Directors

John Downie	Managing Director (appointed 17 May 2019 – 31 March 2021) Executive Director (since 1 April 2021)
Stephen Grocott	Managing Director (appointed 1 April 2021)
Eddie King	Non-Executive Chairman (appointed 26 March 2018)
Cameron Mclean	Non-Executive Director (appointed 30 November 2018)
Andrew Matheson	Non-Executive Director (appointed 30 April 2020, resigned 15 July 2020)
Jim Simpson	Non-Executive Director (appointed 1 May 2021)

Company Secretary

Mauro Piccini (appointed 8 November 2017)

Registered Office

Level 17, 307 Queen St
Brisbane QLD 4000

Telephone: +61 7 3517 5900
Email: info@qpmetals.com.au
Website: www.qpmetals.com.au

Stock Exchange Listing

Australian Securities Exchange
ASX Code: QPM (formerly PM1)

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

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

Share Registry

Computershare
172 St Georges Tce
Perth WA 6000

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 2021.

DIRECTORS

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

John Downie | Executive Director

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

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

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

Cameron Mclean | Non-Executive Director

(Appointed 30 November 2018)

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

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

Eddie King | Non-Executive Chairman

(Appointed 26 March 2018)

Mr King is a qualified Mining Engineer. He holds a Bachelor of Commerce and Bachelor of Engineering from the University of Western Australia. His past experience includes being a manager for an investment banking firm, where he specialised in the analysis of technical and financial requirements of bulk commodity and other resources projects.

During the past three years, Mr King held the following directorships in other ASX listed companies: Eastern Iron Limited (current), Ragnar Metals Limited (formerly, Drake Resources Limited) (current), M3 Mining Limited (current), European Cobalt Limited (resigned April 2020), Six Sigma Metals Limited (resigned April 2020) Sultan Resources Limited (resigned March 2019), Axxis Technology Limited (resigned March 2019), Bowen Coking Coal Limited (resigned December 2018) and Lindian Resources Limited (resigned January 2018).

Andrew Matheson | Non-Executive Director

(Appointed 30 April 2020, resigned 15 July 2020)

Andrew is a founding partner and director of QPM and is a geological engineer with over 30 years professional experience within the mining and engineering sectors. He has a track record in exploration, project evaluation and strategy, development, construction, infrastructure management, underground and open cut mining operations and corporate management. He has held roles including Chairman, Managing Director, CEO and General Manager with various private and publicly listed resources companies and has experience with lateritic nickel projects in New Caledonia, Indonesia and Australia.

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

Directors' Report

Stephen Grocott | Managing Director

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

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

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

Jim Simpson | Non-Executive Director

(Appointed 1 May 2021)

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

During the past three years, Mr Simpson has been a managing director of Aurelia Metals Limited until August 2019 and an executive director of Peel Mining Limited since September 2019.

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 7 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	2,999,558	10,000,000	-
Cameron Mclean	-	2,000,000	-
John Downie	40,738,283	-	-
Stephen Grocott	942,448	-	36,000,000
Jim Simpson	-	1,000,000	-
	44,680,289	13,000,000	36,000,000

PRINCIPAL ACTIVITIES

The principal activity of the Company is mineral exploration.

REVIEW AND RESULTS OF OPERATIONS

Overview

Queensland Pacific Metals Limited continued to advance the Townsville Energy Chemicals Hub ("TECH Project") during financial year 2021, achieving a number of key milestones.

Pilot plant and feasibility study progress

During the December 2020 quarter, a pilot plant was constructed at ALS Global's facilities in Perth, Western Australia, to pilot the Direct Nickel Process (DNI Process™) on a representative bulk sample from QPM's New Caledonian ore supply partners.

Two separate pilot campaigns were completed with no fatal flaws identified in the process. Nonetheless, many important process improvements were also identified and embedded into a revised flowsheet. Significant quantities of nickel-cobalt mixed hydroxide precipitate (MHP) were produced, providing samples for potential offtakers.

In April 2021, battery specification nickel sulfate was produced at a bench scale from MHP produced by the pilot plant. Further testwork remains ongoing to ensure all TECH products meet customer specifications.

The results of the piloting gave QPM confidence to proceed with a Definitive Feasibility Study, with leading global engineering firm Hatch appointed as Lead Engineer and work officially commencing in the March 2021 quarter.

As part of the early DFS activities, the Company settled on a process design base case and formally instructed Hatch to design the TECH Project at a capacity of 1.5 million wet metric tonnes (wmt) of ore per annum.

The expanded plant size (approximately 2.5 times the scale of the plant contemplated in the Pre-Feasibility Study) reflects the level of interest QPM has received regarding offtake from the project.

In conjunction with Hatch, the Company identified key engineering packages, commenced engagement with target vendors and completed an Australian Industry Participation plan with a view to maximising the involvement of Australian suppliers and contractors.

The TECH DFS remains on schedule for completion in February 2022.

Offtake and investment

In June 2021, QPM finalised and executed commercial transactions regarding investment and offtake with LG Energy Solutions (LGES) and POSCO GEM 1st FUND. The transaction was approved and settled by QPM shareholders subsequent to financial year end.

The transactions included a US\$15 million share placement to the Korean companies at a 16.8% premium to QPM's one-month volume weighted average price at the time.

In addition, QPM entered into a binding seven-year agreement to supply LGES and POSCO (separate entity to the investment fund) with 10,000tpa contained nickel and 1,000tpa contained cobalt from the TECH Project.

Under the agreement, nickel and cobalt will initially be delivered in an MHP concentrate. Once QPM achieves commercial certification for its nickel and cobalt sulfate products, it will then only deliver in that form. Certification is anticipated this financial year (2022).

The Company continues discussions with other potential offtake customers including Samsung SDI, with which it signed a Memorandum of Understanding in November 2020.

Together with the proceeds from other capital raising activities conducted during the year, the investment from LGES and POSCO GEM 1st FUND has ensured QPM is adequately funded to bring forward detailed engineering of certain critical components for the TECH Project and continue with other work as part of the DFS.

Sustainability initiatives

QPM is positioning the TECH Project to be a world leader in sustainable nickel and cobalt production and has undertaken several initiatives aimed at achieving this goal.

As it employs the DNI Process™, the project already has a huge environmental advantage over other nickel operations. After extraction of all valuable metals, the DNI Process™ leaves only a modest amount of residue, representing approximately 20% of the initial dry ore mass. This residue is inert and does not require a tailings dam, a major sustainability driver. Furthermore, research is being conducted in conjunction with James Cook University to assess the characteristics of the leach residue and see if it can be used in commercial applications such as cement additive or engineered landfill.

QPM engaged Minviro, a leading global sustainability consultancy, to prepare an interim report based on QPM's Pre-Feasibility Study. An interim report was provided in March and estimated the TECH Project would have CO2 emissions 36% lower than the industry average for nickel sulfate production with scope for improvement.

From the report's modelling it is also clear that the project could have net negative CO2 emissions if gas supply is derived from vented/flared gas from coal mines in the nearby Bowen Basin.

Subsequent to the end of the financial year, QPM entered a Memorandum of Understanding with Transition Energy Corporation Pty Ltd and North Queensland Gas Pipeline to develop a gas field supply chain from the northern Bowen Basin to the Lansdown Eco Industrial Park, where the TECH Project will be located.

Financial Performance

The financial results of the Company for the year ended 30 June 2021 are:

	30 June 2021	30 June 2020
	\$	\$
Cash and cash equivalents	17,745,422	1,556,678
Net Assets/ (Net Liabilities)	15,873,456	921,706
Revenue and other income	2,716,002	382,999
Net loss after tax	(11,499,536)	(4,980,543)

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

In line with the growth of the Company, QPM made several key appointments during the financial year, starting with the recruitment of mineral processing expert Dr Stephen Grocott to the role of Chief Executive in July 2020. He was promoted to Managing Director at the start of April this year.

Upon Dr Grocott's elevation to the Board, QPM founder and incumbent Managing Director John Downie moved to the role of Executive Director and will remain intimately involved in the progress of the TECH Project.

At the end of April this year, QPM added more operational experience to the Board with the appointment of highly regarded mining engineer and former Aurelia Metals Managing Director Jim Simpson as a Non-Executive Director.

The Company also bolstered its executive ranks with the addition of Barry Sanders as Project Manager, leading the DFS. Mr Sanders has more than 30 years' experience in the delivery of complex industrial, mining, power and oil and gas projects throughout the Asia Pacific region.

Capital raisings

During the year, the Company raised \$24.4 million before costs. An additional \$882,000 was received from the exercise of unlisted options.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 13 July 2021, shareholders approved the issue of 141,765,556 shares at an issue of of \$0.0136 per share to LG Energy Solution Ltd and POSCO GEM 1st FUND, 21 million options to a corporate advisor, expiring 2 August 2023 and exercisable at \$0.116 per share and 1 million options to non-executive director Jim Simpson, expiring 2 August 2024 and exercisable at \$0.15 per share.

On 11 August 2021, the Company announced the signing of a non-binding memorandum of understanding with Transition Energy Corporation Pty Ltd ("TEC") and North Queensland Gas Pipeline ("NQGP") to develop a dedicated gas supply chain from the northern Bowen Basin to QPM's TECH Project.

On 23 August 2021, the Company announced it had received written confirmation from the Northern Australia Infrastructure Facility ("NAIF") that information provided for the Strategic Assessment Phase ("SAP") has been considered for the TECH Project and following that review the project will now proceed to the next phase which is detailed due diligence.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2021.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of

Directors' Report

operations, financial condition, or liquidity for the 2022 financial year.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2022.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

QPM has entered into a binding seven-year agreement to supply LGES and POSCO (separate entity to the investment fund) with 10,000tpa contained nickel and 1,000tpa contained cobalt from the TECH Project.

Under the agreement, nickel and cobalt will initially be delivered in an MHP concentrate. Once QPM achieves commercial certification for its nickel and cobalt sulfate products, it will then only deliver in that form. Certification is anticipated this financial year (2022).

The Company continues discussions with other potential offtake customers including Samsung SDI, with which it signed a Memorandum of Understanding in November 2020.

Subsequent to the end of the financial year, QPM entered a Memorandum of Understanding with Transition Energy Corporation Pty Ltd and North Queensland Gas Pipeline to develop a gas field supply chain from the northern Bowen Basin to the Lansdown Eco Industrial Park, where the TECH Project will be located.

Together with the proceeds from other capital raising activities conducted during the year, the investment from LGES and POSCO GEM 1st FUND has ensured QPM is adequately funded to bring forward detailed engineering of certain critical components for the TECH Project and continue with other work as part of the DFS.

The TECH DFS remains on schedule for completion in February 2022.

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	8	8
Cameron Mclean	8	5
Eddie King	8	8
Andrew Matheson ⁽ⁱ⁾	1	1
Stephen Grocott (ii)	7	7
Jim Simpson (iii)	2	2

(i) Appointed 30 April 2020, resigned 15 July 2020.

(ii) Appointed 21 July 2020 as CEO, subsequently on 1 April 2021 as Managing Director.

(iii) Appointed 1 May 2021 as Non-Executive Director.

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

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

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2021 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

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

a) Key Management Personnel Disclosed in this Report

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

John Downie	Managing Director (appointed 17 May 2019 – 31 March 2021) Executive Director (since 1 April 2021)
Cameron Mclean	Non-Executive Director (appointed 30 November 2018)
Eddie King	Non-Executive Chairman (appointed 26 March 2018)
Stephen Grocott	Chief Executive Officer (appointed 21 July 2020) Managing Director (appointed 1 April 2021)
Andrew Matheson	Non-Executive Director (appointed 30 April 2020, resigned 15 July 2020)
Jim Simpson	Non-Executive Director (appointed 1 May 2021)

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

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

A Remuneration Philosophy

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

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

No remuneration consultants were employed during the financial year.

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

At the 2020 Annual General Meeting, the resolution to adopt the Remuneration Report for the year ended 30 June 2020 was passed unanimously without amendment on a show of hands "For" the resolution to adopt the Remuneration Report. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

REMUNERATION REPORT (AUDITED, CONTINUED)

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development, nor has the Board engaged the services of an external remuneration consultant.

It is considered that the size of the Board along with the level of activity of the Company renders this impractical. The Board is primarily responsible for:

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

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

❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A\$150,000 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 is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

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

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

❖ Executive Remuneration Structure

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

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

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

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

REMUNERATION REPORT (AUDITED, CONTINUED)

❖ **Executive Remuneration Approvals**

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

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

C Remuneration and Performance

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

	30-June-21	30-June-20	30-Jun-19	30-Jun-18	30-Jun-17
Revenue and other income (\$)	2,716,002	382,999	33,645	13,457	105,321
Net loss after tax (\$)	(11,499,536)	(4,980,543)	(2,295,115)	(2,755,575)	(215,084)
EPS (\$)	(1.25)	(0.96)	(0.72)	(1.17)	(1.19)
Share price	0.140	0.013	0.018	0.014	0.025
Dividends	-	-	-	-	-

Relationship between Remuneration and Company Performance

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

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

- a) Fixed Remuneration – base salary
- b) Variable Short-Term Incentives
- c) Variable Long-Term Incentives

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

a) Fixed Remuneration – Base Salary

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

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

b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. Bonus payments were made to directors during the financial year. Refer to section D for details of these payments.

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

Options are issued at the Board's discretion. See note 14 for details of share based payments.

REMUNERATION REPORT (AUDITED, CONTINUED)

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 2021 is set out below:

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

- (i) Appointed 21 July 2020 as Chief Executive Officer and subsequently on 1 April 2021 as Managing Director. A bonus of \$80,000 was approved by the Board for Mr Grocott's services during the year.
- (ii) A bonus of \$50,000 was approved by the Board for Mr Downie's services during the year.
- (iii) Resigned 15 July 2020.
- (iv) Appointed 1 May 2021. 1,000,000 options were granted to Jim Simpson upon his appointment with the Company. The options have a 3 year term and an exercise price of \$0.15. Shareholder approval for the grant of the options was obtained on 13 July 2021.
- (v) \$20,623 relates to shares which were issued in lieu of 30% of 3 months' of Mr Grocott's salary. See Note 12 and 14 for further details.
- (vi) \$105,000 relates to 2,500,000 Milestone 1 Performance Rights which vested when the Company entered into a non-binding memorandum of understanding with LG Chem, Ltd. for the supply of nickel and cobalt from the TECH Project. \$273,000 relates to 5,000,000 Milestone 2 and 1,500,000 Milestone 3 Performance Rights which vested when the Company entered into binding offtake agreements for nickel and cobalt offtake from the TECH Project. See note 14 for further details.

Table 2 – Remuneration of KMP of the Company for the year ended 30 June 2020 is set out below:

30 June 2020	Short-term Employee Benefits			Post-Employment	Share based payments	Total
	Cash Salary & fees	Non-monetary benefits	Other	Superannuation		
	\$	\$	\$	\$	\$	\$
Key Management Personnel						
Eddie King	60,000	-	-	5,700	-	65,700
John Downie	105,000	-	-	9,975	-	114,975
Cameron Mclean	42,000	-	-	3,990	-	45,990
Andrew Matheson ⁽ⁱ⁾	10,000	-	-	950	-	10,950
Total	217,000	-	-	20,615	-	237,615

- (i) Appointed 30 April 2020, resigned 15 July 2020.

REMUNERATION REPORT (AUDITED, CONTINUED)

Table 3 – Relative proportion of fixed vs variable remuneration expense

Name	Fixed Remuneration		Variable Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2021	2020	2021	2020	2021	2020	2021	2020
Key Management Personnel								
Stephen Grocott ⁽ⁱ⁾	37%	-	11%	-	52%	-	-	-
Eddie King	100%	100%	-	-	-	-	-	-
John Downie	72%	100%	28%	-	-	-	-	-
Cameron Mclean	100%	100%	-	-	-	-	-	-
Andrew Matheson ⁽ⁱⁱ⁾	100%	100%	-	-	-	-	-	-
Jim Simpson ⁽ⁱⁱⁱ⁾	11%	-	-	-	-	-	89%	-

- (i) Appointed 21 July 2020 as Chief Executive Officer and subsequently on 1 April 2021 as Managing Director.
(ii) Resigned 15 July 2020.
(iii) Appointed 1 May 2021 as Non-Executive Director of the Company.

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

30 June 2021	Balance at 01/07/2020	Granted as Remuneration	Other	Balance at 30/06/2021
Key Management Personnel				
Stephen Grocott ⁽ⁱ⁾	-	377,650	564,798 ⁽ⁱⁱⁱ⁾	942,448
Eddie King	2,862,058	-	137,500 ⁽ⁱⁱⁱ⁾	2,999,558
John Downie	40,738,283	-	-	40,738,283
Cameron Mclean	-	-	-	-
Andrew Matheson ⁽ⁱⁱ⁾	44,738,851	-	(44,738,851) ⁽ⁱⁱ⁾	-
Jim Simpson	-	-	-	-
Total	88,339,192	377,650	(44,036,553)	44,680,289

- (i) Appointed 21 July 2020 as Chief Executive Officer and subsequently on 1 April 2021 as Managing Director.
(ii) Resigned 15 July 2020.
(iii) On market purchase during the year.

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

30 June 2021	Balance at 01/07/2020	Issued as Remuneration	Exercised	Other	Balance at 30/06/2021	Vested & Exercisable
Key Management Personnel						
Stephen Grocott	-	-	-	-	-	-
Eddie King	10,000,000	-	-	-	10,000,000	10,000,000
John Downie	-	-	-	-	-	-
Cameron Mclean	2,000,000	-	-	-	2,000,000	2,000,000
Andrew Matheson	-	-	-	-	-	-
Jim Simpson	-	-	-	-	-	-
Total	12,000,000	-	-	-	12,000,000	12,000,000

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

30 June 2021	Balance at 01/07/2020	Issued as Remuneration	Exercised	Vested	Lapsed	Balance at 30/06/2021	Vested & Exercisable
Key Management Personnel							
Stephen Grocott ⁽ⁱ⁾	-	38,500,000	-	9,000,000	(2,500,000)	36,000,000	9,000,000
Eddie King	-	-	-	-	-	-	-
John Downie	-	-	-	-	-	-	-
Cameron Mclean	-	-	-	-	-	-	-
Andrew Matheson	-	-	-	-	-	-	-
Jim Simpson	-	-	-	-	-	-	-
Total	-	38,500,000	-	9,000,000	(2,500,000)	36,000,000	9,000,000

- (i) On 27 November 2020, shareholders approved the grant of 38,500,000 performance rights.

The milestones associated with the performance rights are disclosed in section F Share-based Compensation, Performance Rights below. Milestones 1 to 3 were achieved during the year and 9,000,000 rights vested. The initial target date of milestone 5 was not met, as such 2,500,000 rights lapsed.

REMUNERATION REPORT (AUDITED, CONTINUED)

E Service Agreements

- ❖ **John Downie – Managing Director, Executive Director**
 - Contract: Commenced 17 May 2019, Executive Director from 1 April 2021
 - Director Fees: \$120,000 p.a.
 - Contract: Commenced 1 April 2020
 - Term: no fixed term
 - Period of notice: Not less than 3 months

- ❖ **Stephen Grocott –**
 - **Chief Executive Officer**
 - Contract: Commenced 21 July 2020
 - Service Fees: \$250,000 p.a. plus super paid 70% cash 30% shares for initial 3 months
 - Term: Initial term one year from commencement date
 - Period of notice: 3 months
 - Termination: Any outstanding amounts to be paid at termination
 - **Managing Director**
 - Contract: Commenced 1 April 2021
 - Service Fees: \$390,000 p.a. plus super
 - Term: no fixed term
 - Period of notice: 3 months
 - Termination: Any outstanding amounts to be paid at termination

F Share-based Compensation

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

Options

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

30 June 2021	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise Price \$	Fair value per option at grant date \$
Key Management Personnel						
Jim Simpson	1,000,000	1/5/2021	Immediately on issue	3 years from issue	\$0.15	0.09

1,000,000 options were granted to Jim Simpson upon his appointment with the Company on 1 May 2021. The options have a 3 year term and an exercise price of \$0.15. The total value of the options is \$88,184. Shareholder approval for the grant of the options was obtained on 13 July 2021. The inputs used in the Black Scholes model to value the options are:

Agreement date	1 May 2021
Accounting grant date	13 July 2021
Share price	\$0.15
Expected volatility	100%
Dividend yield	0%
Risk free rate	0.17%

REMUNERATION REPORT (AUDITED, CONTINUED)

Performance Rights

38,500,000 performance rights were granted to Stephen Grocott following shareholder approval on 24 November 2020. The milestone conditions of the performance rights affecting his remuneration in this financial year or future reporting years are as follows.

Milestone	Date	Number of Performance Rights
1. The Company enters into a Memorandum of Understanding (whether legally binding or not) with a potential customer regarding nickel sulphate offtake for the TECH Project which is required to be announced by the Company on the ASX	n/a	2,500,000
2. The Company enters into a legally binding offtake agreements for at least 35% of the forecast nickel sulphate production for the first \geq 5 years of TECH Project	n/a	5,000,000
3. The Company enters into a legally binding offtake agreements for at least 35% of the forecast cobalt sulphate production for the first \geq 5 years of TECH Project	n/a	1,500,000
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	n/a	2,000,000
5. Completion of a finalised, signed off Bankable or Definitive Feasibility Study for the TECH Project.	On or before 15 May 2021	7,500,000
	16 May 2021 to 31 Dec 21	5,000,000
	1 January 2022 to 30 June 2022	3,000,000
6. Obtain all regulatory approvals required to build the TECH Project.	On or before 15 May 2022	7,500,000
	16 May 2022 to 31 Aug22	5,000,000
	1 September 2022 to 30 Nov 22	2,500,000
7. The Board of the Company reaches a Final Investment Decision to proceed with the construction of the TECH Project.	On or before 15 November 2022	12,500,000
	16 November 2022 to 31 May 2023	10,000,000
	1 June 2023 to 30 Nov-23	5,000,000

As announced to ASX on 15 October 2020, the Company entered into a non-binding memorandum of understanding with LG Chem, Ltd. for the supply of nickel and cobalt from the TECH Project. As announced to the ASX on 8 June 2021, QPM entered into binding offtake agreements for nickel and cobalt offtake from the TECH Project with LGES and POSCO. Accordingly, Milestone 1, 2 and 3 Performance Rights immediately vested and expense of \$378,000 was recognised during the year. See below for further details of the value.

30 June 2021	Number of performance rights vested	Grant date	Fair value	Expense \$	Performance conditions
Key Management Personnel					
Stephen Grocott	2,500,000	27/11/2020	\$0.042	105,000	Milestone 1
	5,000,000	27/11/2020	\$0.042	210,000	Milestone 2
	1,500,000	27/11/2020	\$0.042	63,000	Milestone 3
			Total expense	378,000	

Each performance right can be converted into one ordinary share of the Company.

No other performance rights were granted to directors or key management personnel during the year.

REMUNERATION REPORT (AUDITED, CONTINUED)

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2021 (2020: nil).

I Other Transactions with KMP

In 2020, QPM Milestone A 29,935,033 shares were issued equally to both John Downie and Andrew Matheson at a fair value of \$778,311. Mr Downie and Mr Matheson were the previous owners and vendors of QPM Tech Project Pty Ltd (formerly Queensland Pacific Metals Pty Ltd).

There were no other transactions with KMP during the year ended 30 June 2021.

End of Audited Remuneration Report.

Corporate Governance - Diversity measurable

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

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

SHARES UNDER OPTION

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

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

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

20,000,000 unlisted options expiring 21 May 2022, exercisable at 3 cents.

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

8,600,000 unlisted options expiring 17 December 2022, exercisable at 3 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.

7,500,000 Milestone 5 Performance rights.

11,250,000 Milestone 6 Performance rights.

18,750,000 Milestone 7 Performance rights.

Directors' Report

SHARES ISSUED ON EXERCISE OF OPTIONS

29,400,000 ordinary shares of the Company were issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

ENVIRONMENTAL REGULATIONS

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

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

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

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

AUDITOR

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2021 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 \$26,148.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Directors' Report

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
22 September 2021

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

As lead auditor of Queensland Pacific Metals Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 22 September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from continuing operations			
Other Income	4	695,954	166,883
Grant Income	4a	2,020,048	216,116
Expenses			
TECH Project expenses		(8,938,705)	(1,612,987)
Consulting and legal fees		(665,262)	(586,745)
Directors fees		(313,165)	(237,617)
Employee benefits	5	(746,071)	-
Compliance and regulatory expenses		(317,692)	(36,872)
Listing fees		-	(46,625)
Professional fees		(195,984)	(523,948)
Insurance		(30,714)	(20,808)
Rent and office expenses		(7,794)	(36,632)
Other expenses		(460,344)	(202,953)
Share based payments	14	(2,304,408)	(1,516,190)
Impairment of exploration assets	10	-	(471,888)
Depreciation		(11,363)	(40,288)
Amortisation		(70,316)	-
Financing expenses		(153,720)	(29,989)
Loss from continuing operations before income tax		(11,499,536)	(4,980,543)
Income tax expense	6	-	-
Loss from continuing operations after income tax		(11,499,536)	(4,980,543)
Other comprehensive loss			
		-	-
Total other comprehensive loss for the year, net of tax		(11,499,536)	(4,980,543)
Total comprehensive loss for the year ended is attributable to owners of Queensland Pacific Metals Limited			
		(11,499,536)	(4,980,543)
Total comprehensive loss for the year ended is attributable to Non-controlling interest			
	18	-	-
		(11,499,536)	(4,980,543)
Loss per share for the year attributable to the members of Queensland Pacific Metals Limited:			
Basic loss per share (cents)	7	(1.25)	(0.96)
Diluted loss per share (cents)	7	(1.25)	(0.96)

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 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	17,745,422	1,556,678
Other receivables	9	446,708	73,265
Total current assets		18,192,130	1,629,943
Non-current assets			
Exploration and evaluation assets	10	1,160,346	1,077,967
Plant and equipment		85,053	-
Right of use asset	11e	372,744	47,614
Total non-current assets		1,618,143	1,125,581
Total assets		19,810,273	2,755,524
LIABILITIES			
Current liabilities			
Trade and other payables	11a	2,535,650	323,929
Deferred CRC grant income	11b	-	1,051,552
Employee entitlements	11c	16,728	-
Borrowings	11d	1,000,000	409,973
Lease liabilities	11e	63,936	48,364
Total current liabilities		3,616,314	1,833,818
Non-current liabilities			
Lease liabilities	11e	320,503	-
Total non-current liabilities		320,503	-
Total liabilities		3,936,817	1,833,818
Net assets		15,873,456	921,706
EQUITY			
Contributed equity	12	38,508,705	14,640,840
Reserves	13	6,578,468	3,995,047
Accumulated losses		(29,213,717)	(17,714,181)
Total equity		15,873,456	921,706

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 2021

	Issued Capital	Share-based Payment Reserve	Asset revaluation reserve	Non-Controlling Interests	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2020	14,640,840	3,995,047	-	-	(17,714,181)	921,706
Loss for the period	-	-	-	-	(11,499,536)	(11,499,536)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income/(loss) for the period after tax	-	-	-	-	(11,499,536)	(11,499,536)
Transactions with owners in their capacity as owners:						
Shares issued	24,400,000	-	-	-	-	24,400,000
Share issue costs	(1,434,758)	279,013	-	-	-	(1,155,745)
Share-based payments	20,623	2,304,408	-	-	-	2,325,031
Exercise of options	882,000	-	-	-	-	882,000
At 30 June 2021	38,508,705	6,578,468	-	-	(29,213,717)	15,873,456
At 1 July 2019	12,158,510	3,995,047	-	-	(12,733,638)	3,419,919
Loss for the period	-	-	-	-	(4,980,543)	(4,980,543)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income/(loss) for the period after tax	-	-	-	-	(4,980,543)	(4,980,543)
Transactions with owners in their capacity as owners:						
Milestone A Shares	1,516,190	-	-	-	-	1,516,190
Tranche 2 (net of costs)	586,810	-	-	-	-	586,810
Shares issued for services performed	75,344	-	-	-	-	75,344
Share capital raising (net of costs)	303,986	-	-	-	-	303,986
At 30 June 2020	14,640,840	3,995,047	-	-	(17,714,181)	921,706

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 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(2,139,118)	(1,944,329)
Payment for costs relating to the Tech Project		(7,638,554)	(1,670,965)
Interest received		2,869	4,715
R&D tax offset received		670,655	162,168
Grant income received		968,496	1,207,661
Net cash used in operating activities	8(a)	(8,135,652)	(2,240,750)
Cash flows used in investing activities			
Payment of exploration activities capitalised		(82,379)	(121,657)
Payments for PPE		(96,416)	-
Net cash used in investing activities		(178,795)	(121,657)
Cash flows from financing activities			
Proceeds from the issue of shares		24,400,000	942,364
Share issue costs		(1,155,745)	(51,567)
Proceeds from the exercise of options		882,000	-
Proceeds from borrowings		1,220,421	409,973
Repayment of borrowings		(630,394)	-
Payment relating to finance costs		(147,991)	(32,490)
Payment relating to office lease		(65,100)	(39,538)
Net cash from financing activities		24,503,191	1,228,742
Net increase/(decrease) in cash and cash equivalents		16,188,744	(1,133,664)
Cash and cash equivalents at the beginning of the year		1,556,678	2,690,342
Cash and cash equivalents at the end of the year	8	17,745,422	1,556,678

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” and formerly Pure Minerals Limited) 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 2021 comprise the Company and its subsidiaries (together referred to as the “Consolidated Entity” or the “Group”).

(b) Basis of Preparation

Statement of compliance

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

The annual report was authorised for issue by the Board of Directors on 22 September 2021.

Basis of measurement

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

Parent entity information

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

(c) Comparatives

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

(d) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Queensland Pacific Metals Limited (‘Company’ or ‘parent entity’) as at 30 June 2021 and the results of all subsidiaries for the year then ended. Queensland Pacific Metals Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

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

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

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(e) Principles of Consolidation (continued)

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

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

(f) Segment Reporting

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

(g) Interest Recognition

Interest revenue

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

(h) Income Tax

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

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

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

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

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(i) Exploration and evaluation expenditure

Exploration and evaluation assets acquired

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

Exploration and evaluation assets

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

(j) Asset Acquisition not constituting a Business

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

(k) Cash and Cash Equivalents

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

(l) Other Receivables

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

(m) Impairment of non-financial assets

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

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

(n) Trade and Other Payables

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(o) Share-based Payments

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

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

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

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

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

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

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

(p) Grant Income

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

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(q) Contributed equity

Ordinary shares are classified as equity.

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

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(r) Earnings Per Share

Basic earnings per share

Basic earnings per share are calculated by dividing:

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

Diluted earnings per share

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

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

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

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

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

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

(t) Current and Non-Current classification

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

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

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

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

(u) Dividends

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(v) Other financial assets

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

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

Financial assets at fair value through profit or loss

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

Typically, such financial assets will be either:

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

Impairment of financial assets

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

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

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

(w) Leases

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(x) Borrowings

In the previous year, the Company entered into a R&D tax prepayment loan agreement with Metamor Capital Partners Pty Ltd for \$586,728, repayable upon the receipt of the tax refund from the Australian Taxation Office for the research and development tax incentive offset for the financial year ended 30 June 2020 or 15 November 2020, whichever is earlier. The fair value of the loan was provided for, upon the receipt of cash from Metamor Capital. Interest was fixed at 13.5% per annum payable monthly. The loan was secured by a general security agreement over all the assets and undertaking of the Company and its subsidiaries and holding company including plant and equipment, intellectual property and the proceeds of the R&D rebate. The loan was repaid with the receipts of the R&D rebate during 2021. In February 2021, the Company entered into an additional loan facility for \$1 million. \$1 million was borrowed in February 2021, repayable upon the receipt of the tax refund from the Australian Taxation Office for the research and development tax incentive offset for the financial year ended 30 June 2021 or 15 November 2021, whichever is earlier. Interest is fixed at 12.5% per annum payable monthly. The remaining terms of this facility are the same as the terms of the previous facility.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. 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.

Contingent Consideration

During the year the Group reassessed the probabilities of the contingent consideration being payable with respect to the acquisitions of Pure Manganese Pty Ltd occurring on 31 July 2017 and QPM Tech Project Pty Ltd (formerly Queensland Pacific Metals Pty Ltd) occurring on 15 May 2019. See Note 18 for judgements and assumptions used to estimate the value of the contingent consideration.

Contingent Liability

During the year the Group assessed the probabilities of Performance Rights Milestones 4 to 7 being met. Up to 57,750,000 Milestone Performance Rights will be issued. See Note 18 for judgements and assumptions used to estimate the value of the contingent liability.

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 14.

Notes to the Consolidated Financial Statements

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS (CONT.)

Exploration and evaluation costs

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

NOTE 3 SEGMENT INFORMATION

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

	Corporate	Exploration	TECH Project	Total
Year Ended 30 June 2021				
Other income	24,869	-	2,691,133	2,716,002
Result (loss)	(5,251,963)	-	(6,247,573)	(11,499,536)
Total assets	18,168,677	1,160,346	481,250	19,810,273
Total liabilities	(851,822)	-	(3,084,995)	(3,936,817)
Year Ended 30 June 2020				
Revenue	64,566	-	318,433	382,999
Result (loss)	(3,214,101)	(471,888)	(1,294,554)	(4,980,543)
Total assets	542,564	1,078,078	1,134,882	2,755,524
Total liabilities	(504,765)	-	(1,329,053)	(1,833,818)

NOTE 4 REVENUE AND OTHER INCOME

	2021	2020
	\$	\$
Revenue from continuing operations		
<i>Other income</i>		
Interest received	2,594	4,715
Reimbursements	22,705	-
R&D tax offset	670,655	162,168
	695,954	166,883

NOTE 4a REVENUE AND OTHER INCOME

	2021	2020
	\$	\$
Grant income		
CRC grant income*	2,020,048	156,109
CSIRO grant	-	60,007
	2,020,048	216,116

*During the year \$968,496 had been received by Queensland Pacific Metals (2020: \$1,207,661) for the ongoing feasibility work for the TECH Project. Combined with the unexpended amount of \$1,051,522 at the end of the previous year, \$2,020,048 was recognised as income as at 30 June 2021 (2020: \$156,109), having been spent on eligible expenditure.

Notes to the Consolidated Financial Statements

NOTE 5	EMPLOYEE BENEFITS	2021	2020
		\$	\$
	Salaries and wages	657,104	-
	Share-based payment	20,623	-
	Superannuation	68,344	-
		<u>746,071</u>	<u>-</u>

Since his employment with the company on 21 July 2020, Stephen Grocott's salaries and wages, including super, is recognised in employee benefits. (Salaries & wages of \$332,809, share-based payment of \$20,623 and superannuation of \$24,017.)

NOTE 6	INCOME TAX	2021	2020
		\$	\$
(a)	The components of tax expense comprise:		
	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>(11,499,533)</u>	<u>(4,980,543)</u>
	Prima facie tax benefit on loss before income tax at 30% (2020: 30%)	<u>(3,449,860)</u>	<u>(1,494,163)</u>
	Tax effect of:		
	Non-deductible expenses	3,039,767	1,091,348
	Tax losses and temporary differences not brought to account	410,093	402,815
	Deferred tax assets not brought to account	-	-
	Total	<u>-</u>	<u>-</u>
	<i>Tax losses not recognised</i>		
	Unused tax losses for which no deferred tax asset has been recognised	<u>10,413,448</u>	<u>8,747,389</u>
	Potential tax benefit at 30%	<u>3,124,034</u>	<u>2,624,217</u>

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% (2020: 30%) not brought to account which is attributable to tax losses carried forward at 30 June 2021 is \$3,124,034 (2020: \$2,624,217).

Notes to the Consolidated Financial Statements

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.

	2021	2020
Net loss for the year (\$)	<u>(11,499,536)</u>	<u>(4,980,543)</u>
Weighted average number of ordinary shares for basic and diluted loss per share.	917,811,635	520,335,764
Continuing operations		
- Basic and diluted loss per share (cents)	(1.25)	(0.96)

NOTE 8 CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at bank and in hand	17,685,422	505,126
Restricted cash*	60,000	1,051,552
	<u>17,745,422</u>	<u>1,556,678</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 16.

*Restricted cash is the cash held as security against the company's short-term lending facilities (2020: cash received as a part of the CRC grant as at year end).

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

Loss for the financial year	(11,499,536)	(4,980,543)
<i>Adjustments for:</i>		
Finance expense	153,720	-
Impairment of asset	-	471,888
Share based payments	2,304,408	1,516,190
Amortisation	70,316	40,288
Depreciation	11,363	-
Shares issued in lieu of cash	20,623	75,344
Other non-cash items	-	32,488
<i>Changes in assets and liabilities</i>		
(Increase)/ decrease in other receivables	(373,443)	(6,653)
Increase/ (decrease) in trade and other payables	1,160,169	610,248
Increase/ (decrease) in provisions	16,728	-
Net cash used in operating activities	<u>(8,135,652)</u>	<u>(2,240,750)</u>

Notes to the Consolidated Financial Statements

NOTE 8b CASH AND CASH EQUIVALENTS (continued)

Non-cash investing and financing activities

	2021	2020
	\$	\$
Additions to right of use assets (note 11(e))	395,446	87,902
	395,446	87,902

Changes in liabilities arising from financing activities

	Loans	Lease Liability	Total
	\$	\$	\$
Consolidated			
Balance at 1 July 2019	-	-	-
Acquisition of leases	-	87,902	87,902
Interest	-	2,462	2,462
Net cash from/(used in) financing activities	409,973	(42,000)	335,484
Balance at 30 June 2020	409,973	48,364	458,337
Acquisition of leases	-	395,446	395,446
Interest	147,991	5,729	153,720
Net cash from/(used in) financing activities	442,036	(65,100)	376,936
Balance at 30 June 2021	1,000,000	384,439	1,384,439

NOTE 9 OTHER RECEIVABLES

	2021	2020
	\$	\$
GST receivable	346,341	35,813
Other deposits and receivables	77,191	37,452
Prepayments	23,176	-
	446,708	73,265

The Company did not recognise any loss in the profit or loss in respect of expected credit losses for the year ended 30 June 2021 and 30 June 2020.

NOTE 10 EXPLORATION AND EVALUATION

	2021	2020
	\$	\$
Opening balance	1,077,967	1,428,198
Additions capitalised during the period	82,379	121,657
Impairment of capitalised expenditure ⁽ⁱ⁾	-	(471,888)
	1,160,346	1,077,967

- (i) No impairment expense was incurred in 30 June 2021. During the year ended 30 June 2020 and post year end tenements were relinquished, under AASB 6 this required the capitalised expenditure to become impaired in 30 June 2020.

Notes to the Consolidated Financial Statements

NOTE 11(a) TRADE AND OTHER PAYABLES	2021	2020
	\$	\$
Trade payables ⁽ⁱ⁾	1,711,790	243,930
Accrued expenses	503,983	61,012
Other payables	319,877	18,987
	2,535,650	323,929

(i) Trade payables are non-interest bearing and are normally settled on 60-day terms.

(ii) Refer to note 16 for further information on financial instruments.

NOTE 11(b) OTHER CURRENT LIABILITIES	2021	2020
	\$	\$
Deferred CRC Grant Income	-	1,051,552
	-	1,051,552

(i) Refer to note 4 for further details.

NOTE 11(c) EMPLOYEE ENTITLEMENTS	2021	2020
	\$	\$
Annual leave provision	16,728	-
	16,728	-

NOTE 11(d) LOANS AND BORROWINGS	2021	2020
	\$	\$
Current		
R&D tax prepayment loan	1,000,000	409,973
	1,000,000	409,973
Opening balance	409,973	-
Draw down	1,222,241	409,973
Repayment	(632,214)	-
Closing balance	1,000,000	409,973

On 13 April 2020, The Company entered into a R&D tax prepayment loan agreement with Metamor Capital Partners Pty Ltd for \$586,728, repayable upon the receipt of the tax refund from the Australian Taxation Office for the research and development tax incentive offset for the financial year ended 30 June 2021 or 15 November 2020, whichever is earlier. Interest was fixed at 13.5% per annum payable monthly. The loan was secured by a general security agreement over all the assets and undertaking of the Company and its subsidiaries and holding company including plant and equipment, intellectual property and the proceeds of the R&D rebate.

Transaction costs are costs that are directly attributable to the loan and include loan origination fees and legal fees.

On 18 May 2020 Queensland Pacific Metals drew down \$409,973 on the loan facility. On 18 August 2020, the facility was amended to increase the amount to \$632,214. On this date, the Company drew down a further \$222,241 on the facility. On 6 November 2020, the loan and interest was repaid via the receipt of the 2020 R&D tax offset refund.

On 2 February 2021, the Company announced that it had secured a \$1 million loan with Metamor Capital Partners. The key terms of the Metamor facility are:

- AUD 1m facility, immediately drawn down;
- Standard form cash loan with no conversion options;
- Repayable by the earlier of the receipt of QPM's tax return for the 30 June 2021 financial year or 15 November 2021;
- Interest rate of 12.5%, which is a reduction from the previous loan from last financial year;
- Metamor can terminate in the event of default by QPM (breach of material provision, insolvency event or other materially adverse event occurring); and
- Secured against the assets of QPM.

Notes to the Consolidated Financial Statements

Note 11(e): RIGHT OF USE ASSET AND LEASE LIABILITY

	2021	2020
	\$	\$
Right of Use asset		
Property		
At 1 July	47,614	-
New leases entered	395,446	87,902
Amortisation	(70,316)	(40,288)
At 30 June	<u>372,744</u>	<u>47,614</u>

The amount of amortisation recognised in the consolidated statement of profit or loss was \$70,316 (2020: \$40,288).

	2021	2020
	\$	\$
Lease liability		
Property		
At 1 July	48,364	-
New leases entered	395,446	87,902
Lease payments	(65,100)	(42,000)
Interest	5,729	2,462
At 30 June	<u>384,439</u>	<u>48,364</u>

The total cash outflow for the leases was \$65,100 (2020: \$42,000).

NOTE 12 CONTRIBUTED EQUITY

(a) Issued and fully paid

	2021		2020	
	\$	No.	\$	No.
Ordinary shares	<u>38,508,705</u>	<u>1,201,847,575</u>	14,640,840	628,171,793

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 2019	434,598,824	12,158,510
Tranche 2 Shares issued at \$0.017 (net of costs)	36,609,636	586,810
Shares issued in lieu of cash*	8,333,333	75,344
Milestone A shares issued	116,630,000	1,516,190
Share capital raising \$0.01 (net of costs)	32,000,000	303,986
At 30 June 2020	<u>628,171,793</u>	<u>14,640,840</u>
1 July 2020	<u>628,171,793</u>	<u>14,640,840</u>
Shares issued in lieu of services provided^	942,448	20,623
Placement of shares (net of costs)	293,333,334	3,834,442
Share purchase plan (net of costs)	250,000,000	19,130,800
Conversion of unlisted options	29,400,000	882,000
At 30 June 2021	<u>1,201,847,575</u>	<u>38,508,705</u>

*Shares issued in lieu of cash were valued based on the invoice for the services provided to the Company during the period.

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

Notes to the Consolidated Financial Statements

NOTE 13 RESERVES

	2021	2020
	\$	\$
Share-based payment reserve	3,995,047	3,995,047
	3,995,047	3,995,047
Share-based payment reserve		
Balance at the beginning of the year	3,995,047	3,995,047
Milestone A share ⁽ⁱ⁾	-	1,516,190
Options ⁽ⁱ⁾	2,115,421	-
Performance rights ⁽ⁱ⁾	468,000	-
Movement upon issue to share capital	-	(1,516,190)
Balance at the end of the year	6,578,468	3,995,047

(i) Refer to note 14

Share-based payment reserve

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

NOTE 14 SHARE-BASED PAYMENTS

	2021	2020
	\$	\$
(a) Recognised share-based payment transactions		
Deferred consideration ⁽ⁱ⁾	-	1,516,190
Options - advisors ⁽ⁱⁱ⁾	279,013	-
Options - director ⁽ⁱⁱⁱ⁾	88,184	-
Options – corporate advisory services ^(iv)	1,748,224	-
Shares – CEO ^(v) (note 12)	20,623	-
Performance rights – milestones 1 – 3 ^(vi)	468,000	-
	2,604,044	1,516,190

(i) *Deferred consideration - Milestone A Shares*

During the previous year the Company satisfied milestone 1 (116,630,000 Milestone shares to be issued at a price of \$0.013 per share) on the Completion of positive pre-feasibility study that demonstrates an IRR >20% and EBITDA of no less than A\$50M per annum which is verified in writing by PM1's independently engaged expert within 9 months from the date of settlement.

The shares were valued using the grant date (1 May 2019) share issue price (\$0.013), the total value of the shares issued was \$1,516,190. The shares were issued 5 March 2020, as the milestone is equity settled rather than cash settled and doesn't qualify as a liability.

(ii) *Options – advisors*

On 2 December 2020, the Company issued 10,000,000 options to the lead managers of the placements which occurred during the period. The options are exercisable at \$0.03 on or before 25 September 2023. The Grant Date of the options is 27 November 2020 which is the date of the Annual General Meeting when the options were approved. In line with Australian Accounting Standards, these options have been fair valued based on grant date on 27 November 2020. The total value of the options issued was \$279,013 and has been recognised in capital raising costs. A corresponding entry has also been recognised in share-based payment reserve. The inputs used in the Black Scholes model to value the options are:

Grant date	27 Nov 20
Grant date share price	\$0.042
Expected volatility	100%
Dividend yield	0%
Risk free rate	0.11%

Notes to the Consolidated Financial Statements

NOTE 14 SHARE-BASED PAYMENTS CONTINUED

(iii) Options – director

On 1 May 2021, Jim Simpson was appointed as non-executive director of the Company. As part of the terms of his appointment, Mr Simpson was granted 1,000,000 options, with a 3-year term and exercise price of \$0.15, upon commencement of his role. The total value of the options is \$88,184. The options were subject to shareholder approval which was received on 13 July 2021. The inputs used in the Black Scholes model to value the options are:

Agreement date	1 May 21
Accounting grant date	13 July 2021
Share price	\$0.15
Expected volatility	100%
Dividend yield	0%
Risk free rate	0.17%

(iv) Options – corporate advisory services

On 21 May 2021, the Company entered into an agreement to grant 21,000,000 options for corporate advisory services. The options expire 2 years from the date of issue and are exercisable at \$0.116 each. The total value of the options is \$1,748,224. The options were subject to shareholder approval which was received on 13 July 2021. The inputs used in the Black Scholes model to value the options are:

Agreement date	21 May 21
Accounting grant date	13 July 2021
Share price	\$0.15
Expected volatility	100%
Dividend yield	0%
Risk free rate	0.17%

(v) Shares – CEO

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

(vi) Performance rights – milestones 1 - 3

As announced to ASX on 15 October 2020, the Company entered into a non-binding memorandum of understanding with LG Chem, Ltd. for the supply of nickel and cobalt from the TECH Project. As announced to the ASX on 8 June 2021, QPM entered into binding offtake agreements for nickel and cobalt offtake from the TECH Project with LGES and POSCO. Accordingly, the Company notes that 3,750,000, 7,500,000 and 2,250,000 immediately vested on these date as a result of Milestone 1, Milestone 2 and Milestone 3, respectively, 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 \$
Consultant	4,500,000	1/08/2020	0.02	90,000
Director	9,000,000	27/11/2020	0.042	378,000
				468,000

The details of the Milestones are as follows.

Milestone 1	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
Milestone 2	2. The Company enters into a legally binding offtake agreements for at least 35% of the forecast nickel sulphate production for the first \geq 5 years of TECH Project
Milestone 3	3. The Company enters into a legally binding offtake agreements for at least 35% of the forecast cobalt sulphate production for the first \geq 5 years of TECH Project

Notes to the Consolidated Financial Statements

NOTE 14 SHARE-BASED PAYMENTS CONTINUED

(b) Summary of options

Options	Grant Date	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year
Previous directors ⁽ⁱ⁾	30/11/2017	21/12/2022	0.03	30,000,000	-	(9,400,000)	-	20,600,000
Directors ⁽ⁱ⁾	1/5/2019	21/05/2022	0.03	15,000,000	-	(3,000,000)	-	12,000,000
Advisors	1/5/2019	21/05/2022	0.03	25,000,000	-	(17,000,000)	-	8,000,000
Advisors	2/12/2020	25/09/2023	0.03	-	10,000,000	-	-	10,000,000
Corporate advisor	21/2/2021 ⁽ⁱ⁾	2/08/2023	0.116	-	21,000,000	-	-	21,000,000
Director	1/5/2021 ⁽ⁱ⁾	2/08/2024	0.15	-	1,000,000	-	-	1,000,000
Total				70,000,000	32,000,000	(29,400,000)	-	72,600,000
Vested and exercisable								72,600,000

- (i) Options held by directors who were previously members of the QPM board and resigned during the 2017, 2018 and 2019 financial years were exercised during the year.
- (ii) The options were subject to shareholder approval and were issued subsequent to year end in August 2021.

(c) Summary of performance rights

Milestone	Completion Date	Granted 30 June 2021	Lapsed	Closing	Vested/ exercisable
(Milestone 1): The Company enters into a Memorandum of Understanding (whether legally binding or not) with a potential customer regarding nickel sulphate offtake for the TECH Project which is required to be announced by the Company on the ASX	n/a	3,750,000	-	3,750,000	3,750,000
(Milestone 2): The Company enters into a legally binding offtake agreements for at least 35% of the forecast nickel sulphate production for the first ≥ 5 years of TECH Project.	n/a	7,500,000	-	7,500,000	7,500,000
(Milestone 3): The Company enters into a legally binding offtake agreements for at least 35% of the forecast cobalt sulphate production for the first ≥ 5 years of TECH Project.	n/a	2,250,000	-	2,250,000	2,250,000
(Milestone 4): The Company enters into a legally binding offtake agreements for at least 35% of the forecast combined value of the iron oxide, high purity alumina and magnesia production for the first ≥ 3 years of TECH Project.	n/a	3,000,000	-	3,000,000	-
(Milestone 5): Completion of a finalised, signed off Bankable or Definitive Feasibility Study for the TECH Project.	On or before 15 May 2021	11,250,000	3,750,000	7,500,000	-
	16 May 2021 to 31 December 2021	7,500,000	-	-	-
	1 January 2022 to 30 June 2022	4,250,000	-	-	-
(Milestone 6): Obtain all regulatory approvals required to build the TECH Project.	On or before 15 May 2022	11,250,000	-	11,250,000	-
	16 May 2022 to 31 August 2022	7,500,000	-	-	-
	1 September 2022 to 30 November 2022	3,750,000	-	-	-
(Milestone 7): The Board of the Company reaches a Final Investment Decision to proceed with the construction of the TECH Project.	On or before 15 November 2022	18,750,000	-	18,750,000	-
	16 November 2022 to 31 May 2023	15,000,000	-	-	-
	1 June 2023 to 30 November 2023	7,500,000	-	-	-

Notes to the Consolidated Financial Statements

NOTE 15 RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

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

	2021	2020
	\$	\$
Short-term benefits (note 5)	623,142	237,615
Superannuation (note 5)	46,849	-
Share-based payments (note 12, note 14)	486,715	778,311
	<u>1,156,706</u>	<u>1,015,926</u>

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

(b) Related Party Transactions

The following transactions occurred with related parties:

	2021	2020
	\$	\$
Mineral Intelligence Pty Ltd ⁽ⁱ⁾	-	7,000
Lasswade Resources Pty Ltd ⁽ⁱⁱ⁾	-	15,000
	<u>-</u>	<u>22,000</u>

- (i) In the prior year, director fees remained unpaid to the value of \$7,000 to Mineral Intelligence Pty Ltd, a Company of which Cameron Mclean is a Director.
- (ii) \$15,000 was paid from 30 April 2020 for consulting fees to Lasswade Resources Pty Ltd a Company of which Andrew Matheson is a Director.

All transactions were on normal commercial terms.

Notes to the Consolidated Financial Statements

NOTE 16 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:

	2021	2020
	\$	\$
Financial Assets		
Cash and cash equivalents	17,745,422	1,556,678
Trade and other receivables	446,708	73,265
	18,192,130	1,629,943
	2021	2020
	\$	\$
Financial Liabilities		
Trade and other payables	2,535,650	323,929
Lease liabilities	384,439	48,364
Borrowings	1,000,000	409,973
	3,920,089	782,266

(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:

	2021		2020	
	Weighted		Weighted	
	average	Balance	average interest	Balance
	interest rate ⁽ⁱ⁾	\$	rate	\$
Cash and cash equivalents	0.01%	17,745,422	0.22%	1,556,678

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

Sensitivity

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

	Profit/(loss) \$	
	2021	2020
Judgements of reasonably possible movements:		
+ 1.0% (100 basis points)	177,454	
- 1.0% (100 basis points)	(177,454)	

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

Notes to the Consolidated Financial Statements

NOTE 16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(b) Credit risk

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

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

(c) Liquidity risk

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

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

	6 months	6-12 months	1-5 years	> 5 years	Total
	\$	\$	\$	\$	\$
2021					
Trade and other payables	2,535,650	-	-	-	2,535,650
Borrowings	1,000,000	-	-	-	1,000,000
Lease liabilities	35,468	28,468	320,503	-	384,439
Total Financial Liabilities	3,571,118	28,468	320,503	-	3,920,089
2020					
Trade and other payables	1,375,481	-	-	-	1,375,481
Borrowings	409,973	-	-	-	409,973
Lease liabilities	22,322	22,322	3,720	-	48,364
Total Financial Liabilities	1,807,776	22,322	3,720	-	1,833,818

(d) Capital risk management

The Company's objectives when managing capital are to:

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

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

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

Notes to the Consolidated Financial Statements

NOTE 17 COMMITMENTS

	2021 \$	2020 \$
Exploration commitments		
Within one year	74,000	113,000
Later than one year but not later than five years	-	-
Later than five years	-	-
	74,000	113,000

NOTE 18 CONTINGENCIES

Sewa Bay

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

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

While the achievement of these milestones is possible, it is currently not probable and so no value has been ascribed to them. The achievement of this milestone will be reassessed at each period end.

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

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

Group B

83,330,000 milestone shares to be issued at a price of \$0.013 per share 24 months from the date of settlement on the achievement of at least 10MT JORC inferred resource at 1% NI equivalent defined at the Eden Garry Project or Completion of positive definitive bankable feasibility study which demonstrates an IRR>20% and EBITDA of no less than A\$50m per annum. As the milestone has not been met within 24 months of settlement, this contingency has now lapsed.

Group C

83,330,000 milestone shares to be issued at a price of \$0.013 per share 36 months from the date of settlement on the achievement of first commercial mining of ore obtained at the Eden Garry Project or PM1 obtaining all regulatory approvals required to construct a nickel-cobalt processing plant.

While the achievement of these milestones is possible, it is currently too early to assess if this is probable and so no value has been ascribed to them. The achievement of this milestone will be reassessed at each period end.

Group D

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

While the achievement of these milestones is possible, it is currently not probable and so no value has been ascribed to them. The achievement of this milestone will be reassessed at each period end.

Pure Manganese

During the year the Group reassessed the probabilities of the contingent consideration being payable with respect to the asset acquisition of Pure Manganese Pty Ltd occurring on 31 July 2017. Milestone 1 shares lapsed in a previous year.

The remaining contingent consideration comprises:

25 million Milestone 2 shares to be issued at price of \$0.02 per share to the Pure Manganese Pty Ltd (or their nominees) on the satisfaction of:

- i. The completion of a Positive Feasibility Study at any of the Tenement acquired by the Company at settlement of the Acquisition agreement, MDV Agreement or Lake Blanche Agreement; and
- ii. The 20 day VWAP of the shares being equal to or greater than \$0.06, within 54 months of settlement

The Milestone 2 contingent consideration is not 'probable' and continues to be recognised as a contingent liability as at year end.

Notes to the Consolidated Financial Statements

NOTE 18 CONTINGENCIES CONTINUED

Milestone Performance Rights

In July 2020 and August 2020, the Company entered into a CEO agreement and consultant agreement, respectively with Mr Stephen Grocott and a consultant. As part of the terms of the agreement, Mr Grocott and the consultant will be issued up to 38,500,000 performance rights and 19,250,000, respectively, subject to certain milestones being met. In total, up to 57,750,000 performance rights will be issued. The Performance Rights that are yet to vest can become convertible into Shares on a one for one basis upon and subject to satisfaction of the relevant milestone (each, a Milestone) by the relevant date, are set out in the following table.

Milestone	Date	Number of Performance Rights
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	n/a	3,000,000
5. Completion of a finalised, signed off Bankable or Definitive Feasibility Study for the TECH Project.	On or before 15 May 2021	11,250,000
	16 May 2021 to 31 Dec 21	7,500,000
	1 January 2022 to 30 June 2022	4,250,000
6. Obtain all regulatory approvals required to build the TECH Project.	On or before 15 May 2022	11,250,000
	16 May 2022 to 31 Aug22	7,500,000
	1 September 2022 to 30 Nov 22	3,750,000
7. The Board of the Company reaches a Final Investment Decision to proceed with the construction of the TECH Project.	On or before 15 November 2022	18,750,000
	16 November 2022 to 31 May 2023	15,000,000
	1 June 2023 to 30 Nov-23	7,500,000

Management have applied judgement to whether the achievement of the milestones is possible. While the achievement of milestones 4 to 7 are possible, it is currently not probable and so no value has been ascribed to them and these will be reassessed at each period end. The initial target date for milestone 5 was not met, as such, 3,750,000 performance rights have lapsed.

Corporate Advisory Contract

The Company entered into an agreement with a Corporate Advisor to provide corporate advisory services. The agreement includes the following contingent liabilities:

- Acquisition arrangement fee – 4% of the funds raised by the advisor.
- Earn-in arrangement fee – 4% of the funds raised if there is an earn-in arrangement in the agreement.
- Debt fee – 2% of the funds raised by way of debt.
- Offtake fee – one-time 3% commission on the first USD120 million of the offtake, from funds raised via an offtake agreement.

Notes to the Consolidated Financial Statements

NOTE 19 AUDITOR'S REMUNERATION

	2021	2020
	\$	\$
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
Audit and review of the annual and half-year financial report	43,703	32,726
Other services – BDO Corporate Taxation (WA) Pty Ltd	26,148	18,390
	69,851	51,116

NOTE 20 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	Country of Incorporation	Ownership interest	
			2021	2020
			%	%
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

NOTE 21 PARENT ENTITY

	2021	2020
	\$	\$
Assets		
Current assets	17,733,779	542,564
Non-current assets	1,493,360	883,907
Total assets	19,227,139	1,426,471
Liabilities		
Current liabilities	531,319	504,765
Non-current liabilities	320,503	-
Total liabilities	851,822	504,765
Equity		
Contributed equity	38,508,704	14,640,839
Reserves	4,819,689	3,995,047
Accumulated losses	(24,953,076)	(17,714,180)
Total equity	18,375,317	921,706
Loss for the year	(7,238,896)	(4,886,498)
Total comprehensive loss	(7,238,896)	(4,886,498)

Notes to the Consolidated Financial Statements

NOTE 22 EVENTS AFTER THE REPORTING DATE

On 13 July 2021, shareholders approved the issue of 141,765,556 shares at an issue of of \$0.0136 per share to LG Energy Solution Ltd and POSCO GEM 1st FUND, 21 million options to a corporate advisor, expiring 2 August 2023 and exercisable at \$0.116 per share and 1 million options to non-executive director Jim Simpson, expiring 2 August 2024 and exercisable at \$0.15 per share.

On 11 August 2021, the Company announced the signing of a non-binding memorandum of understanding with Transition Energy Corporation Pty Ltd ("TEC") and North Queensland Gas Pipeline ("NQGP") to develop a dedicated gas supply chain from the northern Bowen Basin to QPM's TECH Project.

On 23 August 2021, the Company announced it had received written confirmation from the Northern Australia Infrastructure Facility ("NAIF") that information provided for the Strategic Assessment Phase ("SAP") has been considered for the TECH Project and following that review the project will now proceed to the next phase which is detailed due diligence.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The Company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operations during 2021.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 financial year.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2022.

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

Directors' Declaration

In the Directors' opinion:

- a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
 - i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 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

22 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Queensland Pacific Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Queensland Pacific Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Key audit matters

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

Share based payments

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 14, the Group recognised a share-based payment expense in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021 due to the issue of performance rights, options and shares to eligible directors and advisors.</p> <p>Share-based payments are a complex accounting area and due to the judgemental estimates used in determining the fair value of performance rights in accordance with the Accounting Standards, we consider management's calculation of the share-based payment expense to be a key audit matter.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Examining market announcements and board minutes to determine whether all the new share based payments granted during the year were accounted for; • Reviewing the relevant agreements to obtain an understanding of the contractual nature of the share based payment arrangements; • Reviewing management's determination of the fair value of the share based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists to assess the reasonableness of management's valuation inputs in respect of volatility; • Evaluating management's assessment of the timing of meeting the performance conditions attached to the share based payments; and • Evaluating the adequacy of the disclosures in respect of the accounting treatment of the performance rights in Note 14 to the financial statements, including significant judgements involved.

Other information

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

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Queensland Pacific Metals Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDO Audit (WA) Pty Ltd



Jarrad Prue

Director

Perth, 22 September 2021

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 10 September 2021.

TWENTY LARGEST SHAREHOLDERS

1	LG ENERGY SOLUTIONS LTD	99,235,889	7.32
2	POSCO GEM 1ST FUND	42,529,667	3.14
3	UBS NOMINEES PTY LTD	39,728,000	2.93
4	MR ROBERT ASHLEY PEARCE	38,857,034	2.87
5	MR JOHN CHARLES DOWNIE	38,482,033	2.84
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	37,247,386	2.75
7	CITICORP NOMINEES PTY LIMITED	35,306,977	2.60
8	MR ANDREW MARTIN MATHESON	32,000,000	2.36
9	BNP PARIBAS NOMS PTY LTD <DRP>	27,740,353	2.05
10	MR KENNETH JOSEPH HALL <HALL PARK A/C>	22,125,000	1.63
11	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	14,993,964	1.11
12	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	14,125,912	1.04
13	SHRIVER NOMINEES PTY LTD	13,250,000	0.98
14	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	13,164,492	0.97
15	EXPONENTIAL GROWTH INVESTMENTS PTY LTD <INTEGRITY A/C>	11,689,938	0.86
16	MR MARIO MENELAOU + MS MARIA SUSAN MENELAOU <ISM SUPERANNUATION FUND A/C>	11,653,808	0.86
17	MR SEAN TIMOTHY KEENAN	11,250,000	0.83
18	MR JOHN KHOO	11,149,900	0.82
19	MR EDDY SAMUEL HADDAD	10,968,574	0.81
20	DRAB INVESTMENTS PTY LTD <DRABA SUPER FUND A/C>	10,211,518	0.75
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)			535,710,445

ASX Additional information

DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

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

Range	Total holders	Units	% of Issued Capital
1 - 1,000	129	21,489	0.00
1,001 - 5,000	903	3,061,782	0.23
5,001 - 10,000	1,006	7,726,512	0.57
10,001 - 100,000	3,101	120,514,078	8.89
100,001 Over	1,205	1,224,289,270	90.31
Total	6,344	1,355,613,131	100.00

(ii) Unlisted Options

- 21,000,000 unlisted options expiring 02 August 2023, exercisable at 11.6 cents.
- 1,000,000 unlisted options expiring 2 August 2024, exercisable at 15 cents.
- 20,000,000 unlisted options expiring 21 May 2022, exercisable at 3 cents.
- 10,000,000 unlisted options expiring 25 September 2023, exercisable at 3 cents.
- 8,600,000 unlisted options expiring 17 December 2022, exercisable at 3 cents.

(iii) Performance Rights

- 16,500,000 Milestones 1 to 4 Performance rights.
- 7,500,000 Milestone 5 Performance rights.
- 11,250,000 Milestone 6 Performance rights.
- 18,750,000 Milestone 7 Performance rights.

SUBSTANTIAL SHAREHOLDERS

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

	Holding Balance	% of Issued Capital
LG ENERGY SOLUTIONS LTD	99,235,889	7.32

RESTRICTED SECURITIES

There were no restricted securities.

UNMARKETABLE PARCELS

There were 297 holders of less than a marketable parcel of ordinary shares, which as at 10 September 2021 was 2,272.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

ASX Additional information

ACQUISITION OF VOTING SHARES

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

TAX STATUS

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

FRANKING CREDITS

The Company has no franking credits.

STATEMENT IN ACCORDANCE WITH ASX LISTING RULE 4.10.19

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

TENEMENT TABLE

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