



**QMINES LIMITED
AND CONTROLLED ENTITIES**

ABN 72 643 212 104

**INTERIM FINANCIAL REPORT
FOR THE PERIOD FROM 4 AUGUST 2020 (DATE OF
INCORPORATION) TO 31 DECEMBER 2020**

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**QMINES LIMITED
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DIRECTORS' REPORT

Your directors submit the financial report of QMines Limited ("QMines" or "the Group") for the period ended 31 December 2020.

Directors

The names of directors who held office during the period and up to the date of this report are:

Mr Andrew Sparke; Executive Chairman
Mr Daniel Lanskey; Managing Director
Mrs Elissa Hansen; Non-executive Director and Company Secretary

Review of Operations

The consolidated loss after income tax of the Group for the period ended 31 December 2020 is \$447,718.

During the period, the Group was focussed on its prospective copper, gold and base metals projects in Central and Southern Queensland. QMines continues to review all of the historic exploration of projects it has acquired to date. QMines' four projects include:

- Mt Chalmers (flagship)
- Silverwood
- Warroo
- Herries Range

Highlights

Mt Chalmers

The Mt Chalmers Project, situated 17km North-East of Rockhampton, is approximately 51km². The Group has recently extended the Mt Chalmers tenement package, applying for EPM 27726 comprising 37 sub-blocks (approximately 111km²) and (through its acquisition of Rocky Copper Pty Ltd) acquiring the application for EPM 27697 comprising 12 sub-blocks (approximately 36km²).

The Mt Chalmers deposit was last mined in an open pit scenario by Mount Morgan Limited between 1979 and March 1982, before closing because of low commodity prices. Significant mineralisation remains at the Mt Chalmers Project. H&S Consultants has compiled an Inferred Resources under the JORC Code 2012 for the Mt Chalmers project, as summarised in the table below.

Category	Mt	Au g/t	Cu %	Ag g/t	Au Koz	Cu Kt	Ag Koz
Inferred	3.9	0.81	1.15	8.4	101.9	44.9	1,061

QMines views the Mt Chalmers Project as a brownfield opportunity, with the potential to rapidly expand and upgrade the Mt Chalmers existing resource. QMines also intends to explore for additional mineralisation of a similar style close to the existing Mt Chalmers open pit which offer both drilling and exploration targets, particularly along strike and down dip of the existing resource. A summary of the Exploration Targets identified at Mt Chalmers Project is included below:

Project	Prospect	Mt	Au (g/t)	Cu (%)	Zn (%)	Cut off
Mt Chalmers	Woods Shaft	1.0 to 1.5	0.6 to 1.0	0.2 to 0.3	n/a	0.5g/t Au
Mt Chalmers	Botos	1.5 to 2.5	0.5 to 0.8	0.1 to 0.2	1.1 to 1.4	0.5g/t Au
Mt Chalmers	Mt Warminster	1.5 to 1.8	n/a	0.1 to 0.2	0.5 to 0.7	1% Zn Eq

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DIRECTORS' REPORT (CONTINUED)

Silverwood Project

The Silverwood Project is located 15km south of the regional centre of Warwick. EPM 27281 and EPM 27724 consists of 78 sub-blocks (approximately 234km²) covering the greater Silverwood Group domain. The tenements contain a relative abundance of historic mines and mineral occurrences that are prospective for both gold and base metals.

At the Grieves Quarry base metal deposit, drilling was carried out by the Geological Survey of Queensland (GSQ) between 1967 and 1971 where 2 diamond drilling programs were undertaken for a total of 17 diamond holes for 1,505 metres drilled. The GSQ diamond drilling intercepted numerous intersections of massive sulphide mineralisation at Grieves Quarry. GSQ did not assay for gold, focussing on base metals - copper, zinc, lead and silver. A summary of the Exploration Targets identified at Mt Chalmers Project is included below:

Project	Prospect	MT	Zn (%)	Cu (%)	Ag (ppm)	Cut-off
Silverwood	Grieves Quarry	0.8 to 1.0	3.2 to 3.7	0.3 to 0.5	15 to 25	2% Zn

Warroo Project

The Warroo Project is located 50km west of Stanthorpe in Queensland. The Warroo project consists of EPM 26178 and EPM 27725 consisting of 72 sub-blocks covering an area of approximately 216km².

The Company considers there is potential to define mesozonal to epizonal intrusive related gold mineralisation related to these structural corridors and on extensions to the Warroo and Ti Tree structures. The regional aeromagnetic data shows the Warroo Project to be located east of a large oval magnetic feature that appears to be at moderate depth.

Herries Range Project

The Herries Range gold Project comprises three contiguous EPMS, consisting of 110 sub-blocks covering an area of approximately 330km². The project is situated 40km west of Warwick in south-east Queensland covering the central and southern portions of the Warwick Goldfields.

Alluvial gold deposits are extensive throughout the tenement package. The sources of many of these alluvial workings have never been traced. The extensive alluvial mining in the west of the tenement area, in the Canal Creek Goldfield, had only a few hard-rock occurrences that were worked. Within these goldfields and clusters of mines, QMines has located several historical mines and zones of prospective rock formations associated with both hard-rock and alluvial gold mineralisation.

The Company will undertake early-stage exploration work to progress and identify areas for more detailed follow up including ground-based geophysical surveys, geochemical soil grids and future drill testing.

Matters Subsequent to the End of the Period

On 18 January 2021, the Group acquired 100% of the issued shares in Rocky Copper Pty Ltd in consideration for the issue of 166,667 Shares to Orefox Exploration Pty Ltd (ABN 76 636 974 420). Rocky Copper holds 1 EPM and 1 application for an EPM at the Company's flagship Mt Chalmers project.

No other significant subsequent event has arisen that significantly affect the operations of the Group.

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DIRECTORS' REPORT (CONTINUED)

Tenements Held (as at date of the Directors' Report)

Tenement ID	Tenement Name	Status	Date Lodged	Date Granted	Date Expires	2021 Expenditure Commitment	Holder	Sub-blocks	Km21
EPM 25785	Herries Range 1	Granted	03/10/14	30/4/15	29/4/23	\$80,000	Traprock Resources	24	72
EPM 25786	Herries Range 2	Granted	03/10/14	30/4/15	29/4/23	\$125,000	Traprock Resources	59	177
EPM 25788	Herries Range 3	Granted	3/10/14	30/4/15	29/4/23	\$125,000	Traprock Resources	27	81
EPM 25935	Mt Chalmers	Granted	05/01/15	21/7/16	20/7/21	\$10,000	Dynasty Gold	13	39
EPM 27428	Mt Chalmers	Granted	28/11/19	19/02/20	18/02/25	\$14,000	Rocky Copper	4	12
EPM 27726	Mt Chalmers	PENDING	19/10/20			Outcome based	Qmines	37	111
EPM 27697	Mt Chalmers	Granted	1/10/20	26/03/21	25/03/26	Outcome based	Rocky Copper	12	36
EPM 27725	Warroo	Granted	19/10/20	11/02/21	10/02/26	Outcome based	Qmines	51	153
EPM 26178	Warroo	Granted	30/03/16	17/8/16	16/8/21	\$45,000	Dynasty Gold	21	63
EPM 27724	Silverwood	Granted	19/10/20	11/02/21	10/02/26	Outcome based	Qmines	50	150
EPM 27281	Silverwood	Granted	01/05/19	06/02/20	05/02/25	\$56,000	Traprock Resources	28	84

Competent Person Statement

The information in this report which relate to Exploration Targets, exploration results, mineral resources or ore reserves is based on information compiled by Simon Tear, of H & S Consultants Pty Limited (ACN 155 972 080). Mr Tear has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tear is a director and consultant geologist of H&S Consultants. Mr Tear consents to inclusion in the report of the matters based on this information in the form and content in which it appears.

Auditor's Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 of the financial report for the period ended 31 December 2020.

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



**Andrew Sparke
Chairman
27 April 2021**

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of QMines Limited for the period ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS



G N SHERWOOD
Partner

Sydney, NSW

Dated: 27 April 2021

**QMINES LIMITED
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**CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Note	CONSOLIDATED
		Period ended 31 December 2020 \$
Sales revenue		-
Interest income	4	147
Other revenue		180
Total revenue		<u>327</u>
Accounting and audit fees		(3,400)
Professional fees		(200,830)
Consulting fees		(139,519)
Employee benefits		(3,187)
Rent expense		(13,257)
Advertising expense		(3,398)
Depreciation		(2,248)
Exploration		(6,582)
Office and administrative expense		(43,859)
Other expenditure		(31,765)
Loss before income tax expense		<u>(447,718)</u>
Income tax expense		-
Loss for the period		<u>(447,718)</u>
Other comprehensive income		-
Total comprehensive loss for the period		<u>(447,718)</u>
Basic earnings per share (cents per share)	9	(1.18)
Diluted earnings per share (cents per share)	9	(1.18)

The accompanying notes form an integral part of this statement

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**QMINES LIMITED
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**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	As at 31 December 2020 \$
CURRENT ASSETS		
Cash and cash equivalents		1,332,629
Other current assets	6	169,936
TOTAL CURRENT ASSETS		<u>1,502,565</u>
NON-CURRENT ASSETS		
Exploration and development assets	7	3,193,247
Property, plant & equipment		42,965
TOTAL NON-CURRENT ASSETS		<u>3,236,212</u>
TOTAL ASSETS		<u>4,738,777</u>
CURRENT LIABILITIES		
Trade and other payables		70,603
Other payables		13,292
TOTAL CURRENT LIABILITIES		<u>83,895</u>
TOTAL LIABILITIES		<u>83,895</u>
NET ASSETS		<u>4,654,882</u>
EQUITY		
Issued capital	8	5,102,600
Accumulated losses		(447,718)
TOTAL EQUITY		<u><u>4,654,882</u></u>

The accompanying notes form an integral part of this statement

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**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 4 August 2020	-	-	-
Shares issued during the period, net of capital raising costs	2,102,600	-	2,102,600
Shares issued in purchase of asset (Note 8)	3,000,000	-	3,000,000
Loss attributable to members	-	(447,718)	(447,718)
Balance at 31 December 2020	5,102,600	(447,718)	4,654,882

The accompanying notes form an integral part of this statement

**QMINES LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Consolidated Group Period ended 31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received	147
Payments to suppliers and employees	(585,635)
Exploration expenses paid	(6,582)
Other income	180
Net cash used in operating activities	<u>(591,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for exploration assets	(132,924)
Payments for property, plant and equipment	(45,212)
Payment for acquisition of subsidiary	57
Net cash used in investing activities	<u>(178,079)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from the issue of shares (net of costs)	<u>2,102,600</u>
Net cash provided by financing activities	<u>2,102,600</u>
Net (decrease)/increase in cash and cash equivalents	1,332,629
Cash and cash equivalents at beginning of the period	<u>-</u>
Cash and cash equivalents at end of the period	<u><u>1,332,629</u></u>

The accompanying notes form an integral part of this statement

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2020**

Note 1: Summary of Accounting Policies

Statement of Compliance

These general purpose financial statements for the reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The financial statements were authorised for issue by the Directors on 27 April 2021.

Basis of Preparation

This interim financial report is intended to inform users on the latest annual financial statements of QMines Limited and its controlled entities ("the Group"). As such, it does not contain all information that would normally be included in annual financial statements.

Note 2: Significant Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Judgements - Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. There is significant judgement required on the part of the Management and the Board in determining whether exploration assets are impaired. To this extent they have considered the exploration activities, the current market conditions, the political climate in the jurisdiction in which the assets exist, as well as numerous other factors in their determination that the assets are not impaired. Such capitalised expenditure is carried at the end of the reporting period at \$3,193,247. Mining interests are contained in Note 7 of the financial statements.

Key Judgements – Fair value of purchase consideration of traprock

This transaction was settled by the way of equity and consequently is classified as share based payment AASB 2, Share-based Payment. AASB 2 requires this transaction to be reflected at fair value. There is significant judgement and estimation uncertainty with regards to the determination of the fair value of the asset. The directors have exercised their judgement in determining that the transaction occurred at arm's length and consequently the purchaser consideration and fair value of the share issued was considered to equal the sale price of that asset.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the interim financial report, the Group incurred a loss after tax of \$447,718 and had net cash outflows from operating activities of \$591,890 for the period ended 31 December 2020. As at that date the Group had net current assets of \$1,418,670 and net assets of \$4,654,882.

The Directors are of the view that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Note 2: Significant Judgements (Continued)

- The Group has significant cash reserves to meet its immediate and short-term cash requirements
- The Directors are of the opinion that existing shareholders and financiers will continue to fund the company in the short term, and if required additional share capital or debt funding can be sourced to develop the projects further.

Note 3: New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 4: Other Income

	Consolidated Group Period ended 31 December 2020
Interest received	\$ 147
	<hr/> 147 <hr/>

Note 5: Segment Information

The Group operates in one segment, being exploration and development of copper and gold assets in Queensland.

Note 6: Other Current Assets

	Consolidated Group Period ended 31 December 2020
Prepayments	\$ 81,452
Deposits	21,727
GST receivable	66,757
	<hr/> 169,936 <hr/>

**QMINES LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Note 7: Exploration and Development Assets

	Consolidated Group Period ended 31 December 2020
	\$
Exploration expenditure capitalised	3,193,247
Provision for impairment	-
Total	3,193,247
Balance at beginning of the period	-
Additions	3,193,247
Balance at end of the period	3,193,247

Note 8: Issued Capital

	2020	
	No of Shares	\$
Ordinary shares		
Fully paid ordinary shares	71,869,052	5,327,025
At the beginning of reporting period	-	-
Shares issued during the period	61,535,719	2,270,352
Shares issued in assets acquisition	10,000,000	3,000,000
Shares issued in payment of services	333,333	50,000
Cost of raising capital	-	(217,752)
At the end of reporting period	71,869,052	5,102,600

Note 9: Earnings per Share

	2020 Cents
Basic earnings per share	(1.18)
Diluted earnings per share	(1.18)

Weighted average number of shares used for the purposes of calculating diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows:

- Basic earnings per share	37,827,631
- Diluted earnings per share	37,827,631

The loss used to calculate the earnings per share was \$447,718.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Note 10: Related party transactions

Key management personnel

For the period ended 31 December 2020, the company incurred consultant fee as follows:

Name	Position	2020
		\$
Andrew Sparke	Executive chairman	140,517
Daniel Lanskey	Managing director	85,288
Elissa Hansen	Director and company secretary	34,271
James Anderson	General manager	83,750
		343,826

As at the period ended 31 December 2020, directors and key management personnel had the following shares in the Group:

Name	Position	2020
		No.
Andrew Sparke	Executive chairman	24,866,666
Daniel Lanskey	Managing director	5,000,000
Elissa Hansen	Director and company secretary	1,500,000
James Anderson	General manager	10,800,000
		42,166,666

Note 11: Controlled Entities

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)
PARENT ENTITY:		
QMINES LIMITED	Australia	
SUBSIDIARIES OF QMINES LIMITED :		
Traprock Resources Pty Ltd	Australia	100
Dynasty Gold Pty Ltd	Australia	100

Note 12: Subsequent Events

On 18 January 2021, the Group acquired 100% of the issued shares in Rocky Copper Pty Ltd in consideration for the issue of 166,667 Shares to Orefox Exploration Pty Ltd (ABN 76 636 974 420). Rocky Copper holds 1 EPM and 1 application for an EPM at the Company's flagship Mt Chalmers project.

No other significant subsequent event has arisen that significantly affect the operations of the Group.

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of QMines Limited, the directors' of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 13, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of the performance for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



**Andrew Sparke
Chairman
27 April 2021**

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

QMINES LIMITED AND ITS CONTROLLED ENTITIES

Report on the Interim Financial Report

We have reviewed the accompanying Interim financial report of QMines Limited which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period end or from time to time during the period.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of QMines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of QMines Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of QMines Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the period ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS


G N Sherwood
Partner

Sydney, NSW
Dated: 27 April 2021

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