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**QEM Limited**  
**ACN 167 966 770**

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**Interim Financial Report**  
**For the Half-Period Ended December 2021**

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**INTERIM FINANCIAL REPORT  
QEM LIMITED**

**For the Period Ended 31 December 2021**

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## QEM LIMITED CORPORATE DIRECTORY

### NON-EXECUTIVE CHAIRMAN

John Foley

### MANAGING DIRECTOR

Gavin Loyden

### NON-EXECUTIVE DIRECTORS

David Fitch

Daniel Harris

John Henderson

### COMPANY SECRETARY

David Palumbo

### REGISTERED OFFICE

Level 11, 216 St Georges Terrace

PERTH WA 6000

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Website: [www.qldem.com.au](http://www.qldem.com.au)

### PRINCIPAL PLACE OF BUSINESS

Suite 6A, Level 6

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Surfers Paradise QLD 4217

### AUDITORS

Hall Chadwick WA Audit Pty Ltd

283 Rokeby Road, Subiaco

PERTH WA 6008

### SHARE REGISTRAR

Automic Registry Services

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PERTH WA 6000

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### STOCK EXCHANGE CODE

ASX: QEM

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## QEM LIMITED DIRECTORS' REPORT

Your directors submit the financial report of QEM Limited (referred to hereafter as “QEM”, or the “Company”) for the period ended 31 December 2021.

### DIRECTORS

The names of Directors who held office during or since the end of the period are:

John Foley	Non-Executive Chairman
Gavin Loyden	Managing Director
David Fitch	Non-Executive Director
Daniel Harris	Non-Executive Director
John Henderson	Non-Executive Director (appointed 20 October 2021)

### PRINCIPAL ACTIVITY

The principal activity of the Company during the financial period was the exploration at the Julia Creek oil shale and vanadium project.

### RESULTS

The loss after tax for the period ended 31 December 2021 was \$1,353,713 (2020: \$665,470).

### REVIEW OF OPERATIONS

#### Oil & Vanadium Pilot Plant

Prior to the half, QEM announced it planned to develop and commission a bench-scale pilot plant to conduct advanced test work, and subsequently a purchase order for the pilot plant was signed with specialist manufacturer AMAR Equipment.

QEM made significant progress on this initiative during the half, with the hazard and operability (HAZOP) study on the bench-scale oil and vanadium pilot plant completed at the Melbourne headquarters of HRL Technology Group Pty Ltd on July 9, where the pilot plant will be installed and operated. The plant was certified and approved by ASME-U on October 26.

Fabrication of the pilot plant continued throughout the half at AMAR’s facility in India and is expected to be completed and delivered to Australia this month. The plant is expected to commence operationally in April this year for a period of up to six months.

The oil and vanadium bench scale pilot plant has been designed and developed to validate the Company’s proprietary vanadium and oil extraction process at a larger scale ahead of a commercial demonstration plant.



*The successful HAZOP study completed during the half*

#### Renewable Power Generation Optimisation Studies

On July 9, with subsequent related additional information released on July 19, QEM announced an update of assessment work being undertaken by DNV Australia (“DNV”) into power generation opportunities to underpin the mining operations on site at the Julia Creek vanadium and oil shale project.

DNV’s preliminary assessment indicated that wind power and a complementary solar farm could be considered as a conceptually feasible source of power generation at the Julia Creek project.

DNV recommended further solar farm and wind farm optimisation studies, including on-site stations to monitor long-term wind speed and solar resources to provide enhanced confirmation of the initial encouraging results and determine the most suitable solution for the Julia Creek project.

Subsequently, on November 11, QEM formally engaged global engineering consultant GHD for renewable power generation optimisation and pre-feasibility studies at the Julia Creek project.

GHD commenced overseeing the purchase and installation of on-site stations, including a 160m Met Mast to monitor long-term wind speed and solar resources to provide enhanced confirmation of the initial encouraging results from studies completed by DNV.

Additionally, during the half, QEM issued a connection enquiry with the proposed CopperString 2.0 project, which was received by the project’s proponent CuString Pty Ltd. CopperString formally responded to QEM’s connection enquiry on 23 November, establishing the steps QEM and CUString should follow under Chapter 5 of the National Electricity Rules.

CopperString 2.0 is a proposed \$1.7 billion, 1,500km high voltage transmission project, between Townsville and the North West Minerals Province (NWMP) and will run through the western portion of QEM’s Julia Creek vanadium and oil shale project, ideal conditions for efficient access to the National electricity grid (NEM), as a consumer and/or an exporter of surplus QEM project power. The Queensland government is yet to make a final decision regarding the CopperString 2.0 project.

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### Capital Raising

On August 4, QEM announced the completion of a ~\$2 million placement to institutional, professional and sophisticated investors at \$0.15 per share. The placement received strong support from existing QEM shareholders, including non-executive director and largest shareholder David Fitch, who subscribed for \$580,000.

### Board Appointment

On October 20, QEM appointed John Henderson to the Company's Board of Directors as a Non-executive Director.

Mr Henderson has over 40 years' experience in major and mega project development, which includes executive roles with oil and mining multinationals, as well as mid-tier and start-up energy companies.

His extensive project management experience and expertise across the mining and energy sectors includes senior managerial roles at Rio Tinto and the BHP Billiton Mitsubishi Alliance. Among his achievements, Mr Henderson developed Rio Tinto's unconventional energy project portfolio in Mozambique.

### Environmental Permitting and Studies

On October 27, QEM engaged specialist environmental consultant Epic Environmental Pty Ltd ("Epic Environmental") for the provision of an environmental permitting pathway and assistance with related approvals.

Epic Environmental's assessments will form a crucial component of the Pre-Feasibility Study for the Julia Creek project.

Epic Environmental's scope of works includes leading the development of an Environmental Impact Statement, undertaking environmental baseline studies at Julia Creek, coordinating environmental approval applications, an Initial Advice Statement to obtain Coordinated Project status and Major Project application, as well as establishing a Progressive Rehabilitation and Closure Plan.

Post-half, baseline environmental studies commenced, including a 12-month air quality, groundwater and surface monitoring program, as well as terrestrial ecology studies. The ecology survey and a topographic drone survey of the project area will commence in the current quarter.

### 2021 Drilling Program

On November 23, QEM Ltd successfully completed its planned 2021 exploration drilling program at the Julia Creek Project in North-Western Queensland. The program was designed with two purposes in mind, the first to provide a greater volume of research material, approximately 1500 kgs total sample for the pilot plant testing and the second to provide further definition to the JORC resource and expand the current Indicated area to the west and north-west.

Wizard Drilling conducted the campaign, overseen by Measured Group geologist Matt Binks. Six (4C) holes were drilled for a total of 417m of drilling, completed with 99.4 m of 100mm diameter core obtained from the target Toolebuc Formation. All holes were geophysically logged by Weatherford Services and despatched to Mitra PTS in Gladstone QLD. Assay results are anticipated to be available this month.

### Northern Australia Development Program - Grant Application

On December 8, application was made to the Northern Australia Development Program for a matching grant for \$2m. Should QEM be successful in attracting this grant, funding will be used to advance renewable energy feasibility studies and related hardware, such as the Met Mast and SODAR/LIDAR equipment. Expected notification for this grant is March 2022.

### Community Relations

Positive awareness of QEM's activities and commitment to the Julia Creek community continued to grow during the half across various local and state government bodies, as well as the broader resources sector.

On December 8, QEM sponsored the launch of the Gold Coast branch of WIMARQ (Women In Mining And Resources Queensland) to bring together women in the resources industry.

QEM continued to support the local St Vinnies' Chapter in the lead up to the next St Vinnies' CEO Sleepout on 23 June 2022. QEM also sponsored the local junior and senior rugby leagues in Julia Creek.

Additionally, QEM proactively held numerous meetings with the McKinlay Shire Council, landholders and other relevant stakeholders to update and receive feedback on QEM's Julia Creek Project. Their feedback has been highly supportive to date.



*QEM is a proud sponsor of the Julia Creek Saints junior and senior rugby teams.*

### Vanadium Processing Facility

On November 23, the Queensland Government announced they will contribute more than \$10 million towards building a vanadium multi-user processing demonstration plant to make Queensland a leading producer and exporter of new-economy minerals and the home of new industries.

QEM's increasingly positive presence in the local community and broader resources sector recently culminated with a meeting with the Townsville City Council to discuss the proposed location of the multi-user Vanadium processing facility for Townsville. QEM is very happy to be a part of this initiative.

### COVID-19

QEM is pleased to report that it experienced no material COVID-19 impacts on its operations during the first half of the 2022 financial year. The Company is maintaining adherence to Government directives to ensure it does its part to mitigate the risk of an outbreak.

#### **SUBSEQUENT EVENTS**

There were no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

#### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the financial period.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the period ended 31 December 2021 is set out on page 21.

This report is signed in accordance with a resolution of the Board of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



— Gavin Loyden  
Managing Director

Dated: 11 March 2022



**QEM LIMITED**  
**CONDENSED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
For the Period Ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
Revenue		118	56,199
Corporate and compliance expenses		(207,419)	(163,990)
Director fees and employee benefits expense		(274,396)	(313,977)
Exploration expenditure		(755,492)	(160,229)
Depreciation – right of use asset	3	(29,612)	(33,411)
Other expenses		(86,912)	(50,062)
<b>Loss before income tax expense</b>		<b>(1,353,713)</b>	<b>(665,470)</b>
Income tax expense			
Loss after income tax expense for the period		(1,353,713)	(665,470)
Other comprehensive loss, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,353,713)</b>	<b>(665,470)</b>
Net loss for the period is attributable to:			
Members of the parent entity		(1,353,713)	(665,470)
Total comprehensive loss for the period is attributable to:			
Members of the parent entity		(1,353,713)	(665,470)
Basic and diluted loss per share (cents per share)		(1.24)	(0.67)

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**QEM LIMITED**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,779,354	1,326,474
Trade and other receivables		57,715	35,738
Other assets		74,855	32,402
Right of Use Asset	3a	72,630	22,274
<b>TOTAL CURRENT ASSETS</b>		<b>1,984,554</b>	<b>1,416,888</b>
<b>NON-CURRENT ASSETS</b>			
Right of Use Asset	3a	175,624	-
Plant and Equipment	4	233,980	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>409,604</b>	<b>1,416,888</b>
<b>TOTAL ASSETS</b>		<b>2,394,158</b>	<b>1,416,888</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		438,323	229,019
Lease liabilities	3b	78,838	24,172
Provisions		42,418	27,105
<b>TOTAL CURRENT LIABILITIES</b>		<b>559,579</b>	<b>280,296</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liability	3b	169,416	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>169,416</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>728,995</b>	<b>280,296</b>
<b>NET ASSETS</b>		<b>1,665,163</b>	<b>1,136,592</b>
<b>EQUITY</b>			
Issued capital	2	9,819,949	7,937,665
Reserves		17,084	17,084
Accumulated losses		(8,171,870)	(6,818,157)
<b>TOTAL EQUITY</b>		<b>1,665,163</b>	<b>1,136,592</b>

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**QEM LIMITED**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
For the Period Ended 31 December 2021

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2020</b>	<b>7,937,665</b>	-	<b>(5,427,746)</b>	<b>2,509,919</b>
Loss for the period	-	-	(665,470)	(665,470)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(665,470)	(665,470)
<i>Transactions with owner directly recorded in equity:</i>				
Shares issued during the period	-	-	-	-
Less: Transaction costs arising from issue of shares	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>7,937,665</b>	-	<b>(6,093,216)</b>	<b>1,844,449</b>
<b>Balance at 1 July 2021</b>	<b>7,937,665</b>	<b>17,084</b>	<b>(6,818,157)</b>	<b>1,136,592</b>
Loss for the period	-	-	(1,353,713)	(1,353,713)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(1,353,713)	(1,353,713)
<i>Transactions with owner directly recorded in equity:</i>				
Shares issued during the period	2,013,500	-	-	2,013,500
Less: Transaction costs arising from issue of shares	(131,216)	-	-	(131,216)
<b>Balance at 31 December 2021</b>	<b>9,819,949</b>	<b>17,084</b>	<b>(8,171,870)</b>	<b>1,665,163</b>

**QEM LIMITED**  
**CONDENSED STATEMENT OF CASH FLOWS**  
For the Period Ended 31 December 2021

	<b>31 December 2021 \$</b>	<b>31 December 2020 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(644,413)	(484,047)
Exploration expenditure and project evaluation costs	(639,955)	(160,229)
Interest received	1,508	5,179
Grants Received	-	50,000
<b>Net cash used in operating activities</b>	<b>(1,282,860)</b>	<b>(589,097)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Property, Plant and Equipment	(115,033)	-
<b>Net cash used in investing activities</b>	<b>(115,033)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares and options	2,013,500	-
Payments for lease liability	(31,511)	(33,581)
Payments for capital raising costs	(131,216)	-
<b>Net cash provided by/(used in) financing activities</b>	<b>1,850,773</b>	<b>(33,581)</b>
<b>Net decrease in cash held</b>	<b>452,880</b>	<b>(622,678)</b>
Cash and cash equivalents at beginning of period	1,326,474	2,637,597
<b>Cash and cash equivalents at end of reporting period</b>	<b>1,779,354</b>	<b>2,014,919</b>

The accompanying notes form part of this financial report

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**QEM LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
For the Period Ended 31 December 2021

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**Note 1: Summary of Significant Accounting Policies**

**Basis of Preparation**

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

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by QEM Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements aside from the adoption of the accounting policy identified below.

**Going Concern**

The half year financial report has been prepared on the going concern basis which contemplates the continuity of normal business activity, the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half year ended 31 December 2021 the Company incurred a loss of \$1,353,713 (2020: \$665,470) and net cash outflows from operating activities of \$1,282,860 (2020: \$589,097).

The ability of the Company to continue as a going concern is principally dependent on the Company raising capital. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

**QEM LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
For the Period Ended 31 December 2021

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**Accounting Policies adopted in the Half-year period**

**Property, Plant and Equipment**

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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

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

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**New or amended Accounting Standards and Interpretations adopted**

There were no new accounting standards or interpretations that applied to the company aside from the adoption of Property, Plant and Equipment given the relevance to half-year operations ended 31 December 2021.

The Company 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.

**QEM LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
For the Period Ended 31 December 2021

**2. ISSUED CAPITAL**

	<b>31 December 2021</b>	<b>30 June 2021</b>
	\$	\$
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	9,819,949	7,937,665
	<u>Number</u>	<u>\$</u>
<b>(b) Movement in ordinary shares on issue</b>		
Balance at 1 July 2021	100,000,000	7,937,665
Issue of Ordinary Shares – 10 August 2021 (i)	9,556,666	1,433,500
Issue of Ordinary Shares – 29 September 2021 (ii)	3,866,667	580,000
Transaction Costs	-	(131,216)
Balance at 31 December 2021	<u>113,423,333</u>	<u>9,819,949</u>

- (i) On 10 August 2021, the Company issued 9,556,666 shares at \$0.15 to raise \$1,433,500 before costs.  
(ii) On 29 September 2021, the Company issued 3,866,667 shares at \$0.15 to raise \$580,000 before costs.

**3. LEASES**

	<b>31 December 2021</b>	<b>30 June 2021</b>
	\$	\$
<b>a) Right-of-use asset</b>		
Balance at the beginning of the year	22,274	89,095
Additions	255,592	-
Depreciation	(29,612)	(66,821)
Balance at the end of the year	<u>248,254</u>	<u>22,274</u>
Current	72,630	22,274
Non-Current	175,624	-
	<u>248,254</u>	<u>22,274</u>
<b>b) Lease liabilities</b>		
Office lease	<u>248,254</u>	<u>24,172</u>
Current	78,838	24,172
Non-Current	169,416	-
	<u>248,254</u>	<u>24,172</u>

In August 2021 the Company exercised its option to extend the office lease in Queensland for a further 3-year term, ending on 31 October 2024.

**QEM LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
For the Period Ended 31 December 2021

**4. PLANT AND EQUIPMENT**

	<b>31 December 2021</b>	<b>30 June 2021</b>
	\$	\$
Plant and Equipment at cost	233,980	-
Plant and Equipment – accumulated depreciation	-	-
	<b>233,980</b>	-
<b>PLANT AND EQUIPMENT</b>		
Opening balance	-	-
Additions	233,980	-
Disposals	-	-
Depreciation	-	-
	<b>233,980</b>	-

Construction of the oil and vanadium bench scale pilot plant is expected to be completed and operational in April 2022 and as such the Company will begin depreciating the asset on a straight line basis at this time.

**5. DIVIDENDS**

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

**6. SEGMENT INFORMATION**

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. During the period ended 31 December 2021, the Board considers that it has only operated in one segment, being mineral exploration.

The Board as a whole will regularly review the identified segment in order to allocate resources to the segment and to assess its performance.

**7. EVENTS SUBSEQUENT TO REPORTING PERIOD**

There were no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

**8. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

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**QEM LIMITED**  
**DIRECTORS' DECLARATION**  
For the Period Ended 31 December 2021

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**9. COMMITMENTS**

*Exploration commitments*

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration requirements specified by the Queensland Governments Department of Natural Resource and Mines. These commitments have not changed materially since the release of the 30 June 2021 financial statements.

**QEM LIMITED**  
**DIRECTORS' DECLARATION**  
For the Period Ended 31 December 2021

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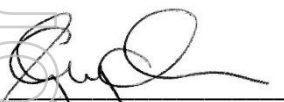
In the opinion of the Directors of QEM Limited (the Company):

1. The financial statements and notes thereto of the Company, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the period then ended.

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.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

  
Gavin Loyden  
Managing Director

Dated: 11 March 2022

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF QEM LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of QEM Limited ("the Company") which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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

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

### Basis for Conclusion

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

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half year financial report, which indicates that the Company incurred a net loss of \$1,353,713 during the half year ended 31 December 2021. As stated in Note 1 these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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### Responsibility of the Directors for the Financial Report

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

### Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



**HALL CHADWICK WA AUDIT PTY LTD**



**DOUG BELL CA**  
**Director**

Perth, Western Australia this 11<sup>th</sup> day of March 2022

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To the Board of Directors

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of QEM Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,



**HALL CHADWICK WA AUDIT PTY LTD**



**DOUG BELL CA**  
**Director**

Dated this 11<sup>th</sup> day of March 2022  
Perth, Western Australia

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