



ABN 61 125 368 658

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2022**

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DIRECTORS' REPORT

The Directors of Queensland Pacific Metals Limited ("QPM" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Queensland Pacific Metals Limited and its controlled entities for the half-year ended 31 December 2022 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2022 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

1. DIRECTORS

The names of the Company's Directors who held office during the Period and until the date of this report are set out below. The Directors were in office for this entire Period unless otherwise stated.

Director	Position	Duration of Appointment
Stephen Grocott	Chief Executive Officer	21 July 2020 (current)
	Managing Director	1 April 2021 (current)
John Downie	Executive Director	1 April 2021 (current)
Eddie King	Non- Executive Director	26 March 2018 (current)
Jim Simpson	Non-Executive Director	1 May 2021 (current)
Sharna Glover	Non-Executive Director	24 September 2021 (current)
John Abbott	Non-Executive Chairman	24 September 2021 (current)

2. REVIEW OF OPERATIONS AND ACTIVITIES

Overview

Queensland Pacific Metals Limited ("QPM") is undertaking the feasibility and design of a sustainable nickel and cobalt sulfate refinery 40kms South of Townsville. Known as the Townsville Energy Chemicals Hub ("TECH Project"), the refinery will be located within Townsville City Council's Lansdown Eco-Industrial Precinct. The operation of the TECH Project will produce critical battery metals that enable electrification of the automobile industry whilst simultaneously reducing carbon emissions through the use of waste metallurgical coal mine gas to supply the energy required in the TECH Project.

QPM made considerable progress on the TECH Project during the half year. Highlights during the period include:

- Finalisation of the Advanced Feasibility Study for 1.6mtpa Stage 1 TECH Project, along with the findings of a Scoping Study that considered a Stage 2 expansion of equivalent size, confirming the TECH Project credentials.
- Completion of an updated Sustainability Life Cycle Assessment conducted by leading industry consultants, Minviro, which re-estimated that the TECH Project's will have a NET-NEGATIVE carbon emissions of 989,213 tonnes of CO2 per annum.
- Obtainment of all major regulatory approvals required to build the TECH project.
- Advancement of the High Purity Alumina demonstration plant construction by Lava Blue, located at Lava Blue's Centre for Predictive Research into Speciality Materials.

During the period, QPM had also formally launched QPM Energy and the Carbon Abatement Hub Project in the Northern Bowen Basin which will be Australia's first multi-user waste gas collection and processing facility. When fully operational, this hub will establish centralised infrastructure that will enable the capture and beneficial use of the vast gas resources located in the Bowen Basin, which have the capacity to reduce significant amounts of greenhouse gas emissions.

Townsville Energy Chemicals Hub ("TECH Project")

The TECH Project is designed to become a leading supplier of high-grade, ethically derived advanced battery materials for the global electric vehicle market. The process will generate no process liquid discharge with all process liquids to be recycled and re-used on site, eliminating the need for tailings dams or evaporation ponds. Furthermore, there will be no solids waste with all minerals recovered for sale and the remaining material being an inert residue which is suitable for use as an engineered landfill. QPM has been continuing to work on obtaining End of Waste code approval for its residue and is progressing well on the test work and reporting to support an End of Waste (EOW) application beneath the Environmental Protection Act 1994 for the residue that is produced by the TECH project.

QPM has developed a strong relationship with the Bindal People, the Traditional Owners and Native Title claimants of the site. QPM and the Bindal People have executed a Cultural Heritage Management Agreement ("CHMA"). The CHMA governs how QPM will manage cultural heritage for the TECH Project and also provides commitment for QPM to seek to provide job, training and contractor opportunities for Indigenous Australians.

QPM has been very active in the local community by sponsoring several organisations and events during the period. QPM has been committed to promoting a healthy and active lifestyle for individuals of all abilities and were the primary sponsors for The Challenge Games which were held in July in support of school aged students with disabilities, providing them with opportunities to participate in various sporting events. QPM is also a major sponsor for the Townsville Table Tennis Association (TTTA) and the Woodstock Horse Sports Club (WHSC). Additionally, QPM also supported the U18 North Queensland rugby league team (The Cannonballs) by sponsoring their attendance at the Murray Carnival in September.

Corporate

On 12 October 2022, QPM announced a major investment and offtake agreement with General Motors (the "Transaction"). Under the Transaction and subject to certain conditions being met, General Motors will invest up to US\$69m (A\$108m) by way of equity subscription for ordinary shares in QPM of which US\$20.1m was received in October 2022. General Motors has an option to purchase all uncommitted nickel and cobalt production for Stage 1 of the TECH Project and 100% of nickel and cobalt production under any potential Stage 2 expansion.

The Transaction with General Motors represents the start of a long-term strategic collaboration between the two companies. As part of undertaking the Transaction, General Motors undertook extensive due diligence on all aspects of QPM, engaging external technical and financial consultants as part of the process. The initial investment of US\$20.1m was undertaken at a share price of \$0.18 per share, representing a premium of 20% to the last closing date (at time of signing) and making GM a substantial holder. QPM is focused on becoming a significant part of General Motors' battery metal supply chain. The sustainability credentials of the TECH Project and the values of QPM align well with that of General Motors'. QPM was excited to form this partnership and believes that the relationship between the two companies will be mutually beneficial.

Project Funding

During Q2, QPM received a non-binding Letter of Interest from Export Development Canada (“EDC”), Canada’s export credit agency, for the potential provision of debt funding for the TECH Project for up to A\$200m. EDC’s financing is subject to the successful completion of its due diligence process and underwriting conditions. Subsequent to period end, EDC provided an updated Letter of Interest increasing the amount of potential debt funding to A\$400m.

QPM’s debt financing strategy has been to target a debt syndicate largely consisting of government backed lenders led by Australian agencies, Export Finance Australia (“EFA”) and Northern Australian Infrastructure Facility (“NAIF”). QPM remains in active discussions with these Australian and other international government agencies, as well as other commercial lenders. The non-binding letter of interest received from EDC demonstrates continued progress by QPM on its debt financing initiatives which has already resulted in:

- \$250m indicative financing letter of interest received from EFA;
- Completion of strategic assessment phase for NAIF;
- Indicative letter of interest and support received from Korea Trade Insurance Corporation (K-Sure).

QPM has recently appointed independent consultants who will be assisting the lenders in their due diligence on the TECH Project. RPM Global has been formally appointed as Independent Technical Expert for the debt syndicate and has commenced its technical due diligence on the TECH Project. CRU Group has been appointed as the Independent Market Consultant and will be producing a detailed report on the Nickel and Cobalt Sulfate markets.

3. FINANCIAL RESULTS

The financial results of the Company for the half-year ended 31 December 2022 are:

	31-Dec-22	30-Jun-22
Cash and cash equivalents (\$)	44,918,582	31,382,958
Net assets (\$)	41,705,855	25,992,989
	31-Dec-22	31-Dec-21
Net loss after tax (\$)	(16,637,141)	(16,317,086)
Loss per share (cents)	(1.01)	(1.22)

4. AUDITOR’S INDEPENDENCE DECLARATION

The lead auditor’s independence declaration under s 307C of the Corporations Act 2001 is set out on page 6 for the half-year ended 31 December 2022.

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



Stephen Grocott
Managing Director

13 March 2023

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

As lead auditor for the review of Queensland Pacific Metals Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

13 March 2023

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QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31-Dec-22	31-Dec-21
		\$	\$
Other Income	2	10,313,209	2,454,066
TECH Project expenses	3	(17,571,806)	(15,522,498)
Consulting and legal fees		(1,781,612)	(398,494)
Compliance and regulatory expenses		(387,605)	(300,463)
Director fees		(413,980)	(403,612)
Employee benefits	3	(2,687,947)	(1,778,880)
Professional fees		(118,314)	(173,975)
Office and administrative expenses		(381,383)	(217,264)
Other expenses		(1,154,864)	(407,796)
Waste gas project costs		(1,026,539)	-
Share based payment expenses	5	(606,184)	(823,218)
Foreign exchange gain/ (loss)		(677,819)	1,327,171
Finance expense		(13,558)	(18,023)
Depreciation and amortisation		(128,739)	(54,100)
Loss before income tax for the half-year		(16,637,141)	(16,317,086)
Income tax expense		-	-
Loss after income tax for the half-year		(16,637,141)	(16,317,086)
Total comprehensive loss for the half-year attributable to members of Queensland Pacific Metals Limited		(16,637,141)	(16,317,086)
Basic loss per share	7	(1.01)	(1.22)
Diluted loss per share		(1.01)	(1.22)

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

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QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31-Dec-22 \$	30-Jun-22 \$
ASSETS			
Current Assets			
Cash and cash equivalents		44,918,582	31,382,958
Other receivables		1,498,680	1,352,087
Total Current Assets		46,417,262	32,735,045
Non-Current Assets			
Long term deposits		199,402	-
Exploration and evaluation expenditure		194,585	145,889
Plant and equipment		283,166	300,353
Right of use asset		516,071	599,757
Total Non-Current Assets		1,193,224	1,045,999
TOTAL ASSETS		47,610,486	33,781,044
LIABILITIES			
Current Liabilities			
Trade and other payables		4,958,192	6,855,596
Employee entitlements		407,437	321,571
Lease liabilities		157,046	149,111
Total Current Liabilities		5,522,675	7,326,278
Non-Current Liabilities			
Lease liabilities		381,956	461,777
Total Non-Current Liabilities		381,956	461,777
TOTAL LIABILITIES		5,904,631	7,788,055
NET ASSETS		41,705,855	25,992,989
EQUITY			
Issued capital	4	113,574,307	86,366,328
Reserves	6	12,036,725	6,894,697
Accumulated losses		(83,905,177)	(67,268,036)
TOTAL EQUITY		41,705,855	25,992,989

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

QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued Capital \$	Share- base payment Reserve \$	Equity raise - Options Reserve \$	Accumulated Losses \$	Total Equity \$
At 1 July 2022	86,366,328	6,894,697	-	(67,268,036)	25,992,989
Loss for the period	-	-	-	(16,637,141)	(16,637,141)
Total comprehensive loss for the half-year after tax	-	-	-	(16,637,141)	(16,637,141)
Transactions with owners in their capacity as owners					
Share placement	27,549,646	-	4,535,844	-	32,085,490
Capital raising costs	(584,667)	-	-	-	(584,667)
Share-based payments	-	606,184	-	-	606,184
Conversion of unlisted options	243,000	-	-	-	243,000
Balance at 31 December 2022	113,574,307	7,500,881	4,535,844	(83,905,177)	41,705,855
At 1 July 2021	38,508,705	6,578,468	-	(29,213,717)	15,873,456
Loss for the period	-	-	-	(16,317,086)	(16,317,086)
Total comprehensive loss for the half-year after tax	-	-	-	(16,317,086)	(16,317,086)
Transactions with owners in their capacity as owners					
Share placement	49,347,312	-	-	-	49,347,312
Capital raising costs	(2,459,926)	-	-	-	(2,459,926)
Share-based payments	-	823,218	-	-	823,218
Conversion of unlisted options	360,000	-	-	-	360,000
Balance at 31 December 2021	85,756,091	7,401,686	-	(45,530,803)	47,626,974

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

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31-Dec-22	31-Dec-21
	\$	\$
Cash flows used in operating activities		
Payment to suppliers and employees	(29,218,714)	(19,454,773)
Interest received	126,196	755
R&D tax offset and GST refund received	11,885,968	2,206,967
Grant income received	-	246,344
Interest paid	-	(61,986)
Net cash outflows used in operating activities	(17,206,550)	(17,062,693)
Cash flows from investing activities		
Payments for property and equipment	(27,865)	(213,639)
Payment of exploration activities capitalised	(48,696)	(81,542)
Long term deposits	(199,402)	-
Net cash outflows used in investing activities	(275,963)	(295,181)
Cash flows from financing activities		
Proceeds from the issue of shares	32,085,490	49,347,312
Share issue costs	(584,667)	(2,459,964)
Proceeds from the exercise of options	243,000	360,000
Repayment of borrowings	-	(1,000,000)
Repayment of principal element of lease payments	(58,329)	(17,619)
Interest paid on lease payments	(13,558)	(8,434)
Net cash inflows provided by financing activities	31,671,936	46,221,295
Net increase in cash and cash equivalents	14,189,423	28,863,421
Cash and cash equivalents at the beginning of the half-year	31,382,958	17,745,422
Effect of movement in exchange rates on cash held	(653,799)	524,711
Cash and cash equivalents at the end of the half-year	44,918,582	47,133,554

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

QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Queensland Pacific Metals Limited (“the Group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2022, together with any public announcements made during the following half-year.

Significant accounting judgments and key estimates

The preparation of the interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, management has determined that the fair value of options issued to an investor as part of an equity raise should be estimated using a suitable valuation model, such as the Black-Scholes model, which considers various factors including the exercise price, expected term, expected volatility, risk-free interest rate, and dividends. The fair value estimates are subject to significant management judgment and are sensitive to changes in underlying assumptions, such as changes in the expected volatility or interest rates. Management has assessed the reasonableness of the assumptions used in the valuation model and has considered the input from external valuation specialists to ensure that the fair value estimates are consistent with observable market data and other relevant information. The fair value of options is recognized as a financial liability or equity, depending on the nature of the agreement, and is adjusted to reflect changes in the estimated fair value until the options are exercised, expired, or forfeited.

Going Concern

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

New Accounting Standards

The consolidated entity has adopted all 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 adopted.

NOTE 2: OTHER INCOME

The following administration expense items are relevant in explaining the financial performance for the interim period:

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QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 2: OTHER INCOME CONTINUED

	31-Dec-22	31-Dec-21
	\$	\$
Interest income	126,196	755
R&D tax offset	10,187,013	2,206,967
Grant income	-	246,344
	10,313,209	2,454,066

NOTE 3: EXPENSES

	31-Dec-22	31-Dec-21
	\$	\$
TECH Expenditure		
Research & development	4,240	1,786,372
Definitive feasibility studies	17,567,566	13,157,627
Other TECH related expenses	-	578,499
	17,571,806	15,522,498
Employee Benefits		
Salaries and wages	2,561,710	1,617,590
Superannuation	126,237	161,290
	2,687,947	1,778,880

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 4: ISSUED CAPITAL

	31-Dec-22 \$	30 Jun-22 \$
Issued and paid-up Capital		
(a) 1,746,347,922 Ordinary Shares Fully Paid (June 2022: 1,563,613,131)	113,574,307	86,366,328
(b) Movement reconciliation	Number	\$
At 30 June 2021	1,201,847,575	38,508,705
Placement of shares (net of costs)	329,265,556	46,887,386
Conversion of unlisted options	32,500,000	970,237
At 30 June 2022	1,563,613,131	86,366,328
Placement of shares (net of costs)	174,634,791	26,967,049
Conversion of unlisted options	8,100,000	240,930
At 31 December 2022	1,746,347,922	113,574,307

NOTE 5: SHARE-BASED PAYMENTS

	31-Dec-22 \$	31-Dec-21 \$
(a) Recognised share-based payments		
Director options	-	243,230
Performance rights – Milestone 6	-	570,000
Performance rights – Software Implementation	-	9,988
Performance rights – ST11 ⁽ⁱ⁾	261,844	-
Performance rights – ST12A ⁽ⁱⁱⁱ⁾	44,570	-
Performance rights – LT12A ⁽ⁱⁱⁱ⁾	44,570	-
Performance rights – M6-3 ^(iv)	276,000	-
Write back non-market based performance rights (EXP3) lapsed in current year.	(20,800)	-
	606,184	823,218

(i) *Performance rights – ST11*

On 23 September 2022, 3,439,669 performance rights were issued to all employees whilst 2,934,782 rights were issued to key management personnel as part of a company wide initiative to recognise and appreciate everyone's collective efforts throughout the year. The performance rights issued to all employees, excluding directors, were granted on 23 September whilst the rights issued to directors were subject to shareholder approval. As such, the latter were granted on 25 November 2022 following shareholder approval at the AGM. The rights immediately vest upon the recipient being employed for at least 12 months from the grant date. Given it is highly likely that this milestone will be met, the share-based payment was expensed for the pro-rata'd service period satisfied as at 31 December 2022. The total estimated value of the rights issued was \$261,844 and has been recognised as a share-based payment expense in the statement of profit or loss. The following inputs were used to estimate the fair value per right.

QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 5: SHARE-BASED PAYMENTS CONTINUED

ST11 – issued to employees, excluding directors

Grant Date	23/09/2022
Value per right	\$0.145

ST11 – issued to directors

Grant Date	25/11/2022
Value per right	\$0.175

(ii) Performance rights – ST12A

On 23 September 2022, management granted an employee 1,125,000 performance rights with the rights vesting as soon as the company secures sufficient gas reserves to supply TECH Project for 10 years. As at 31 December 2022, management assessed it was highly likely that this milestone would be met by 23 September 2023. As such, an expense of \$44,570 was recognised in the share-based payment reserve and statement of profit or loss.

Grant Date	23/09/2022
Value per right	\$0.145

(iii) Performance rights – LT12A

On 23 September 2022, management granted an employee 1,125,000 performance rights with the rights vesting as soon as Gas is being supplied to TECH Project and forecast production from Northern Bowen Basin is sufficient to meet TECH Project's production. As at 31 December 2022, management assessed it was highly likely that this milestone would be met by 23 September 2023. As such, an expense of \$44,570 was recognised in the share-based payment reserve and statement of profit or loss.

Grant Date	23/09/2022
Value per right	\$0.145

(iv) Performance rights – M6-3

As announced to the ASX, the federal government's approval to construct and operate the TECH Project and the federal MCU DA were awarded to QPM on 4 November and 15 December 2022, respectively. Accordingly, all performance rights in relation to this milestone vested in the half year ended 31 December 2022 and an expense of \$276,000 was recorded in the profit or loss. The fair value of the performance rights is based on the share price on grant date.

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

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QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 5: SHARE-BASED PAYMENTS CONTINUED

(b) Summary of options

Options	Grant Date	Date of Expiry	Exercise Price	Balance at the start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at the end of the period
Previous directors ⁽ⁱ⁾	30/11/2017	21/12/2022	0.03	8,100,000	-	(8,100,000)	-	-
Advisors	2/12/2020	25/09/2023	0.03	10,000,000	-	-	-	10,000,000
Corporate advisor	21/2/2021	2/08/2023	0.116	21,000,000	-	-	-	21,000,000
Director	1/5/2021	2/08/2024	0.15	1,000,000	-	-	-	1,000,000
Director	23/11/2021	24/11/2024	0.275	2,000,000	-	-	-	2,000,000
External investors	21/11/2022	21/11/2025	0.20	-	46,833,661	-	-	46,833,661
Total				42,100,000	46,833,661	(8,100,000)	-	80,833,661
Vested and exercisable								80,833,661

⁽ⁱ⁾Options held by directors who were previously members of the QPM board and resigned during 2019FY.

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QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 5 SHARE-BASED PAYMENTS CONTINUED

(c) Summary of performance rights

Milestone	Grant date	Fair value \$	Expiry Date	Opening	Granted during the period	Lapsed	Closing	Vested/ exercisable
(Milestone 1): The Company enters into a Memorandum of Understanding (whether legally binding or not) with a potential customer regarding nickel sulphate offtake for the TECH Project which is required to be announced by the Company on the ASX.	15/12/2020 21/07/2020	0.02 0.04	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.	15/12/2020 21/07/2020	0.02 0.04	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.	15/12/2020 21/07/2020	0.02 0.04	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	15/12/2020 21/07/2020	0.02 0.04	n/a	3,000,000	-	-	3,000,000	-

QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Milestone	Grant date	Fair value \$	Expiry Date	Opening	Granted during the period	Lapsed	Closing	Vested/ exercisable
value of the iron oxide, high purity alumina and magnesia production for the first ≥ 3 years of TECH Project.								
(Milestone 6): Obtain all regulatory approvals required to build the TECH Project.	01/05/2021	0.14	31 Aug 22	9,250,000	-	9,250,000	-	-
	01/07/2021	0.16						
	15/12/2020	0.03						
	21/07/2020	0.04						
	01/05/2021	0.14	30 Nov 22	5,200,000	-	-	5,200,000	5,200,000
	01/07/2021	0.16						
	15/12/2020	0.03						
	21/07/2020	0.04						
(Milestone 7): The Board of the Company reaches a Final Investment Decision (FID) to proceed with the construction of the TECH Project.	21/07/2020	0.04	15 Nov 22	26,575,000	-	26,575,000	-	-
	15/12/2020	0.03						
	30/03/2021	0.08						
	01/04/2021	0.09						
	01/05/2021	0.14						
	17/05/2021	0.10						
	01/07/2021	0.16						
	26/07/2021	0.16						
	13/09/2021	0.16						
	07/12/2021	0.18						
	21/07/2020	0.04	31 May 23	21,103,334	-	-	21,103,334	-
	15/12/2020	0.03						
	30/03/2021	0.08						
	01/04/2021	0.09						

QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Milestone	Grant date	Fair value \$	Expiry Date	Opening	Granted during the period	Lapsed	Closing	Vested/ exercisable
	01/05/2021	0.14						
	17/05/2021	0.10						
	01/07/2021	0.16						
	26/07/2021	0.16						
	13/09/2021	0.16						
	07/12/2021	0.18						
	21/07/2020	0.04	30 Nov 23	11,881,666	-	-	-	-
	15/12/2020	0.03						
	30/03/2021	0.08						
	01/04/2021	0.09						
	01/05/2021	0.14						
	17/05/2021	0.10						
	01/07/2021	0.16						
	26/07/2021	0.16						
	13/09/2021	0.16						
	07/12/2021	0.18						
Completion of Software implementation (Phase 1)	01/07/2021	0.16	On or before 31 Jan 22	50,000	-	-	50,000	50,000
Signing of ore supply agreements	11/10/2021	0.26	Ongoing	70,000	-	-	70,000	70,000
Commercial agreement relating to increasing security of ore supply	11/10/2021	0.26	1 Feb 22 to 31 Mar 22	100,000	-	-	100,000	100,000
FID to build the TECH Project	01/07/2021	0.10	Ongoing	6,000,000	-	-	6,000,000	-
	15/05/2019	0.10	On or before 15 November 2022	21,388,033	-	21,388,033	-	

QUEENSLAND PACIFIC METALS LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Milestone	Grant date	Fair value \$	Expiry Date	Opening	Granted during the period	Lapsed	Closing	Vested/ exercisable
Successful equity capital raising in connection with achieving FID to build the TECH Project	01/07/2021	0.10	Ongoing	2,500,000	-	-	2,500,000	-
Successful completion of contractual close for debt facilities in connection with the TECH Project	01/07/2021	0.10	Ongoing	3,500,000	-	-	3,500,000	-
12 month staff retention expiring 23 September 2023	23/09/2022 25/11/2022	0.145 0.175	23/09/2023	-	6,374,451		6,374,451	-
Obtaining FID for the TECH Project expiring 31 May 2024	23/09/2022 25/11/2022	0.145 0.175	31/05/2024	-	5,923,364		5,923,364	-
3 year staff retention expiring 23 September 2025	23/09/2022 25/11/2022	0.145 0.175	23/09/2025	-	6,553,698		6,553,698	-
First production at the TECH Project expiring 30 November 2027	23/09/2022 25/11/2022	0.145 0.175	30/11/2027	-	5,428,698		5,428,698	-
The Company secures sufficient gas reserves to supply TECH Project for 10 years	23/09/2022	0.145	30/12/2032	-	1,125,000		1,125,000	-
Gas is being supplied to TECH Project and forecast production from NBB is sufficient to meet TECH Project's production req for 10 years	23/09/2022	0.145	30/12/2032	-	1,125,000		1,125,000	-

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 5: SHARE-BASED PAYMENTS CONTINUED

Share-Based Payments Reserve

The movement in the reserve during the period is due to the options and milestone performance rights recognised in the financial statements during the period. Refer to the breakdown in the share-based payments table at the start of this note.

NOTE 6: RESERVES

	31-Dec-22	30 Jun-22
	\$	\$
Equity raising investor options reserve	4,535,844	-
Share-based payments reserve	7,500,881	6,894,697
	12,036,725	6,894,697

(A) Movement in reserves

	Options reserve	Performance rights reserve	Equity raising options reserve	Total reserves
	\$	\$	\$	\$
Balance at 1 July 2022	6,353,698	540,999	-	6,894,697
Options issued to GM as part of equity raise ⁽ⁱ⁾	-	-	4,535,844	4,535,844
Performance rights ⁽ⁱⁱ⁾	-	606,184	-	606,184
	6,353,698	1,147,183	4,535,844	12,036,725

(i) Options - GM Offtake

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

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

(ii) Refer to note 5

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 7: EARNINGS PER SHARE

	31-Dec-22	31-Dec-21
	\$	\$
Loss after income tax attributable to owners of Queensland Pacific Metals Limited	(16,637,141)	(16,317,086)
Weighted average number of ordinary shares used in calculated basic earnings per share	1,639,748,299	1,338,710,969
Basic earnings/(loss) per share (cents)	(1.01)	(1.22)

NOTE 8: CONTINGENCIES

Sewa Bay and QPM Tech Project Pty Ltd (formerly Queensland Pacific Metals Pty Ltd)

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 of 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

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 , B and C milestone shares lapsed in prior years whilst Group D milestone shares lapsed in the current year.

NOTE 9: SEGMENT INFORMATION

The Group operates three reportable segments being predominately in the area of mineral exploration in Papua New Guinea, the TECH project in Queensland and QPM Energy, a gas upstream company incorporated in December 2021. Results of the three segments are analysed by the chief operating decision maker, this being the Board of Directors. Consequently, revenue, profit, net assets and total assets for the operating segments are reflected in this financial report.

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 9: SEGMENT INFORMATION CONTINUED

	Corporate	Exploration	TECH Project	QPM Energy	Total
31 December 2022					
Other income	103,152	-	10,210,057	-	10,313,209
Net foreign exchange loss	(655,137)	-	(22,682)	-	(677,819)
Share-based payment expense	(606,184)	-	-	-	(606,184)
Result (loss)	(5,700,411)	-	(7,938,348)	(2,998,382)	(16,637,141)
31 December 2021					
Other income	755	-	2,453,311	-	2,454,066
Net foreign exchange gain	1,327,171	-	-	-	1,327,171
Share-based payment expense	(823,218)	-	-	-	(823,218)
Result (loss)	(2,897,440)	-	(13,419,646)	-	(16,317,086)
31 December 2022					
Total assets	31,842,387	194,585	14,712,758	860,756	47,610,486
Total liabilities	(2,441,837)	-	(3,053,191)	(409,603)	(5,904,631)
30 June 2022					
Total assets	28,829,140	145,889	4,804,040	1,975	33,781,044
Total liabilities	(1,579,808)	-	(6,187,622)	(20,625)	(7,788,055)

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 10: COMMITMENTS

	31-Dec-22 \$	31-Dec-21 \$
Exploration commitments		
Within one year	375,000	74,000
Later than one year but not later than five years	500,000	-
Later than five years	-	-
Total	875,000	74,000
Other expenditure commitments		
Within one year	9,397,881	-
Later than one year but not later than five years	793,260	-
Later than five years	-	-
Total	10,191,141	-
Total exploration and other expenditure commitments	11,066,141	74,000

NOTE 11: RELATED PARTIES

The following performance rights were issued to the directors on 23 September 2022 and subsequently granted on 25 November 2022 at the AGM as they subject to shareholder approval:

Stephen Grocott (CEO and Managing Director):

Milestone	PR CODE	GRANT DATE	Milestone expiry date	Number of rights
12 month staff retention expiring 23 September 2023	STI1	25/11/2022	23/09/2023	847,826
Obtaining FID for the TECH Project expiring 23 September 2023 (changed to 31 May 2024)	STI2	25/11/2022	31/05/2024	847,826
3 year staff retention expiring 23 September 2025	LTI1	25/11/2022	23/09/2025	1,186,957
First production at the TECH Project expiring 23 September 2025 (changed to 30 November 2027)	LTI2	25/11/2022	30/11/2027	1,186,957

QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

John Downie (Executive Director):

Milestone	PR CODE	GRANT DATE	Milestone expiry date	Number of rights
12 month staff retention expiring 23 September 2023	STI1	25/11/2022	23/09/2023	521,739
Obtaining FID for the TECH Project expiring 23 September 2023 (changed to 31 May 2024)	STI2	25/11/2022	31/05/2024	521,739
3 year staff retention expiring 23 September 2025	LTI1	25/11/2022	23/09/2025	782,609
First production at the TECH Project expiring 23 September 2025 (changed to 30 November 2027)	LTI2	25/11/2022	30/11/2027	782,609

John Abbott (Chairman and Non-Executive Director):

Milestone	PR CODE	GRANT DATE	Milestone expiry date	Number of rights
Obtaining FID for the TECH Project expiring 23 September 2023 (changed to 31 May 2024)	STI2	25/11/2022	31/05/2024	217,391

Eddie King (Non-Executive Director):

Milestone	PR CODE	GRANT DATE	Milestone expiry date	Number of rights
Obtaining FID for the TECH Project expiring 23 September 2023 (changed to 31 May 2024)	STI2	25/11/2022	31/05/2024	152,174

Sharna Glover (Non-Executive Director):

Milestone	PR CODE	GRANT DATE	Milestone expiry date	Number of rights
Obtaining FID for the TECH Project expiring 23 September 2023 (changed to 31 May 2024)	STI2	25/11/2022	31/05/2024	152,174

Jim Simpson (Non-Executive Director):

Milestone	PR CODE	GRANT DATE	Milestone expiry date	Number of rights
Obtaining FID for the TECH Project expiring 23 September 2023 (changed to 31 May 2024)	STI2	25/11/2022	31/05/2024	152,174

On 23 September, the following performance rights with a nil exercise price were issued to each of the following Executive KMPs:

- John Khoo (GM – Commercial);
- Duane Woodbury (Chief Financial Officer); and
- Barry Sanders (Project Director).

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QUEENSLAND PACIFIC METALS LIMITED

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Milestone	PR CODE	GRANT DATE	Milestone expiry date	Number of rights
12 month staff retention expiring 23 September 2023	STI1	23/09/2022	23/09/2023	521,739
Obtaining FID for the TECH Project expiring 23 September 2023 (changed to 31 May 2024)	STI2	23/09/2022	31/05/2024	521,739
3 year staff retention expiring 23 September 2025	LTI1	23/09/2022	23/09/2025	521,739
First production at the TECH Project expiring 23 September 2025 (changed to 30 November 2027)	LTI2	23/09/2022	30/11/2027	521,739

NOTE 12: SUBSEQUENT EVENTS

On 25 January 2023, QPM received a non-binding letter of interest from Export Development Canada (“EDC”), Canada’s export credit agency, for the potential provision of debt funding for the TECH Project for up to A\$200m. EDC’s financing is subject to the successful completion of its due diligence process and underwriting conditions. This indicative financing commitment was subsequently increased by EDC to \$400m on 6 March 2023.

On 7 March 2023, the Queensland Government announced that Queensland Pacific Metals had received Significant Investment Project status for the TECH Project at Lansdown. This is part of the state government’s Significant Investment Facilitation (“SIF”) Program established to support projects of economic significance to Queensland. It is set to benefit QPM as the SIF aims to ensure significant projects are provided with the necessary support from government to facilitate the prospective investment.

QUEENSLAND PACIFIC METALS LIMITED

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

In accordance with a resolution of the directors of Queensland Pacific Metals Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 25 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 Company's financial position as at 31 December 2022 and of its performance for the half-year 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.



Stephen Grocott
Managing Director
13 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Queensland Pacific Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Queensland Pacific Metals Limited (the Company), which comprises the statement of financial position as at 31 December 2022, 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 explanatory information, 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 accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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 (including Independence Standards)* (the Code) that are relevant to the 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 the same terms if given to the directors as at the time of this auditor's review report.

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 internal 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.

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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 2022 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.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink that reads 'J Prue'.

Jarrad Prue

Director

Perth

13 March 2023

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