



2023 Annual Report

FOR THE YEAR ENDED 30 JUNE 2023

QEM LIMITED
ACN 167 966 770

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Corporate Directory

DIRECTORS

Timothy Wall
Gavin Loyden
David Fitch
Daniel Harris
Tony Pearson

SECRETARY

David Palumbo

REGISTERED OFFICE

Level 8
216 St Georges Terrace
Perth WA 6000

Ph: +61 8 9481 0389
Fax: +61 8 9463 6103

HEAD OFFICE

Level 6
50 Appel St
Surfers Paradise Q 4217
Australia
Ph: +61 7 5646 9553

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



AUDITORS

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
SUBIACO WA 6008

SHARE REGISTRY

Automic Registry Services
Level 2, 267 St Georges Terrace
PERTH WA 6000
Phone (within Australia): 1300 288 664
Phone (outside Australia): +61 2 9698 5414

Chairman's Letter

Dear Fellow Shareholders,

It is with great pleasure that I present QEM Limited's 2023 Annual Report.

The 2023 financial year saw the Company progress significantly towards a number of key milestones for the Julia Creek Vanadium and Oil Shale Project in North-West Queensland. Promising vanadium and oil extraction results have continued at QEM's pilot plant with subsequent vanadium recovery optimisation work by GSA Environmental resulting in highest extraction results to date; oversubscribed placements totalling \$4.92M were completed; the Board's composition has been enhanced to support the Company's purposeful advancement towards development; The University of Queensland's Sustainable Minerals Institute commenced mineral characterisation and fine particle beneficiation work focused on optimising vanadium pentoxide grade; QEM secured two ongoing sources of vanadium-rich waste streams for conversion to battery electrolyte; and the Company commenced the process of shortlisting bids from global renewable energy companies to develop, own and operate the 1GW Julia Creek Renewables Project adjacent to QEM's flagship vanadium project.

Long duration energy storage will be imperative in the energy transition towards sustainable technologies like wind and solar. Demand for Vanadium Redox Flow Batteries (VRFBs) is rapidly accelerating with market penetration set to quadruple globally by 2030. With the reusable potential of vanadium in VRFBs, this means that they are 100% recyclable and sustainable.

QEM is focused keenly on efficiently progressing towards first vanadium at an optimal moment when this versatile metal is listed as 'critical' in Australia, the US, UK, the European Union and Japan.

It is notable that during the past 12 months, both the Australian Government and the Queensland State Government both released refreshed Critical Minerals Strategies. The Australian Government released its focus areas for 2023-2030, which include, developing strategically important projects, growing a skilled workforce, and unlocking investment in enabling infrastructure and services. QEM is proud to be part of the pipeline of critical minerals projects in this Tier 1 mining jurisdiction.

As part of the Queensland vanadium industry, QEM receives valuable support from the state government. In January 2023, the Queensland Premier announced funding of \$75M for the construction of the Queensland Resources Common User Facility to demonstrate vanadium extraction at scale. Further, in June 2023, the Premier announced the Queensland Critical Minerals Strategy and a \$245 million investment into the sector. Importantly for QEM, Queensland's first Critical Minerals Zone was established around Julia Creek and Richmond to support the region's vanadium projects.

QEM continues its commitment to the principles of ESG as the most effective means of creating long-term enterprise value by integrating ESG metrics into our governance, business strategy and performance management processes. Every quarter since March 2022, QEM has tracked our disclosure progress and demonstrated our sustainability performance against the Stakeholder Capitalism Metrics (SCM) of the World Economic Forum (WEF). We continue to look for opportunities to bolster our ESG credentials.

I am honoured to serve as QEM's Chair and I would like to thank previous Chair John Foley, my fellow Directors, our hard-working team and our collaboration partners for their efforts and achievements this year for your Company. I am delighted to welcome the post-FY23 addition of Tony Pearson to the QEM Board, whose experience spans natural resources, infrastructure and government, while also raising our finance, ESG and critical minerals expertise. The next 12 months will see QEM continue developing our flagship Julia Creek Vanadium Project at pace.

In closing, I thank QEM's loyal shareholders for your continued support of our Company as we look forward to an exciting year ahead.

A handwritten signature in black ink that reads "Tim Wall". The signature is written in a cursive, flowing style.

Tim Wall
Non-executive Chair

Directors' Report

Your Directors present their report on QEM Limited (referred hereafter as "the Company") for the financial year ended 30 June 2023.

DIRECTORS

The names of the Directors of the Company in office during the financial year and up to the date of this report are:

- Timothy Wall (Non-Executive Chairman, appointed 15 February 2023)
- Gavin Loyden (Managing Director)
- David Fitch (Non-Executive Director)
- Daniel Harris (Non-Executive Director)
- Tony Pearson (Non-Executive Director, appointed 24 August 2023)
- John Foley (Non-Executive Director, resigned 15 February 2023)
- John Henderson (Non-Executive Director, resigned 9 November 2022)

Unless noted above, all directors have been in office since the start of the financial year to the date of this report.

COMPANY SECRETARY

David Palumbo

Details of the company secretary's experience are set out below under 'Information on Directors'.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

Loss after income tax for the financial year was \$4,561,319 (2022: \$2,827,142).

FINANCIAL POSITION

The net assets of the Company at 30 June 2023 are \$2,749,200 (2022: net assets of \$1,820,506). The Company's working capital, being current assets less current liabilities is \$1,672,976 at 30 June 2023 (2022: working capital of \$1,102,424).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than those disclosed in this annual report, there were no significant changes in the state of affairs of the Company that occurred during the financial year.

RISK MANAGEMENT

The Board of Directors review the key risks associated with conducting exploration and evaluation activities in Australia and steps to manage those risks. The key material risks faced by the Company include:

EXPLORATION AND DEVELOPMENT

The future value of the Company will depend on its ability to find and develop resources that are economically recoverable. Mineral exploration and development is a speculative undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things; discovery and proving-up an economically recoverable resource or reserve, access to adequate capital throughout the project development phases, securing and maintaining title to mineral exploration projects, obtaining required development consents and approvals and accessing the necessary experienced operational staff, the financial management, skilled contractors, consultants and employees.

The Company is entirely dependent upon its projects, which are the sole potential source of future revenue, and any adverse development affecting these projects would have a material adverse effect on the Company, its business, prospects, results of operations and financial condition.

ECONOMIC CONDITIONS

Factors such as (but not limited to) political movements, stock market fluctuations, interest rates, inflation levels, commodity prices, foreign exchange rates, industrial disruption, taxation changes and legislative or regulatory changes, may all have an adverse impact on operating costs, the value of the Company's projects, the profit margins from any potential development and the Company's share price.

RELIANCE ON KEY PERSONNEL

The Company's success is to a large extent dependent upon the retention of key personnel and the competencies of its directors, senior management, and personnel. The loss of one or more of the directors or senior management could have an adverse effect on the Company's. There is no assurance that engagement contracts for members of the senior management team personnel will not be terminated or will be renewed on their expiry. If such contracts were terminated, or if members of the senior management team were otherwise no longer able to continue in their role, the Company would need to replace them which may not be possible if suitable candidates are not available.

FUTURE FUNDING RISK

Continued exploration and evaluation is dependent on the Company being able to secure future funding from equity markets. The successful development of a mining project will depend on the capacity to raise funds from equity and debt markets. The Company will need to undertake equity/debt raisings for continued exploration and evaluation. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

UNFORESEEN EXPENDITURE RISK

Exploration and evaluation expenditures and development expenditures may increase significantly above existing projected costs. Although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and its proposed business plans.

ENVIRONMENTAL, WEATHER & CLIMATE CHANGE

The highest priority climate related risks include reduced water availability, extreme weather events, changes to legislation and regulation, reputational risk, and technological and market changes. Mining and exploration activities have inherent risks and liabilities associated with safety and damage to the environment, including the disposal of waste products occurring as a result of mineral exploration and production, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. Delays in obtaining approvals of additional remediation costs could affect profitable development of resources.

CYBER SECURITY AND IT

The Company relies on IT infrastructure and systems and the efficient and uninterrupted operation of core technologies. Systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error.

FULL YEAR FY2023 REVIEW OF OPERATIONS:

QEM Limited is focused on the exploration and development of the Julia Creek Vanadium and Oil Shale Project.

The Company's flagship Julia Creek Project holds a 2,850Mt vanadium JORC Resource with an average V2O5 content of 0.31%, with 360Mt in the Indicated category and 2,490Mt in the Inferred category, making it one of the single largest vanadium deposits in the world, with the added benefit of a contingent (SPE-PRMS 2018) in-situ oil resource of 79MMBBLs of Oil equivalent in the 2C category, and 696MMBBLs in the 3C category, contained within the same ore body.

The Company controls 4, 100% owned exploration permits, which cover 249.6km² in the Julia Creek area of North Western Queensland, Australia, form part of the vast Toolebuc Formation, which is recognised as one of the world's largest deposits of vanadium and oil shale.

In close proximity to all major infrastructure and services, the project is intersected by the main infrastructure corridor of the Flinders Highway and the Great Northern Railway, connecting Mount Isa to Townsville.



VANADIUM REVOLUTION

Vanadium is key ingredient used in steel production and acts as a hardening agent, providing strength and durability whilst also reducing carbon emissions in the process. Increasingly vanadium is also used in the energy storage market.

A successful transition to clean energy requires safe, cost-effective, and reliable energy storage systems. Vanadium Redox Flow Battery (VRFB) is one of the most promising energy storage technologies for effectively storing renewable energy. VRFB offers potential advantages owing to its durable and reusable nature and high safety rating. VRFB is currently the most investigated and widely adopted energy storage technology for long-duration, utility-scale energy storage applications. Hundreds of VRFB energy storage systems have been installed worldwide, with many more under construction or planned. VRFB has the highest potential to capture the largest market share of energy storage in the coming decades and is the primary focus for QEM.

HIGHLIGHTS FOR THE REPORTING PERIOD

- Scoping study being developed by RPM Global
- Encouraging bench scale pilot plant results
- High yielding vanadium extraction methods
- 2022 & 2023 exploration programs complete- awaiting update to JORC
- Renewable power project attracts global developer interest
- Board changes- appointments of Tim Wall and Tony Pearson
- Circular economy project

JULIA CREEK SCOPING STUDY

RPM Global completed a gap analysis in February 2023, prior to being engaged to conduct an updated Scoping Study for the Julia Creek Project. RPM confirmed that the information provided by QEM is of a sufficient standard and engineering accuracy for commencement of the scoping study.

The Scoping Study commenced on 31 March 2023 and is due for completion in Q3 2023. QEM completed a mining scoping study in 2016 that focused on vanadium only, and with a smaller footprint. The project has since developed with results from the pilot plant and vanadium extraction tests producing promising results. The updated scoping study will focus on the production of both vanadium and transport fuel products.

The scoping study will produce a mining model for both commodities, provide the initial mining schedule, update the project economics and define the scope and flowsheet options for a Pre-Feasibility Study which QEM intends to commence in 1H2024.

OIL & VANADIUM PILOT PLANT

After the successful commissioning of QEM's bench-scale pilot plant in 2022, QEM conducted a total of 5 oil extraction trials (T1-T5), during the reporting period.

T1- the first test encountered some issues regarding blockages caused by a build-up of solid deposits (naphthalene) in the oil product, collection equipment, and related pipework.

T2 Results from the T2 trial were a significant improvement on T1, with oil extraction now reaching 170% of yields, relative to an MFA or 1.7 times greater. A marked improvement on the 142% oil yield from T1. Vanadium yields improved from 71.5% extraction in T1, to **>90% extraction** from T2 samples, based on the feed to the leach test, for two samples roasted at 700°C and 900°C with a 24-hour leach time. These results were announced on September 27, 2022.

T3-T5 The bench-scale pilot plant continued to operate effectively following the optimisation, with key run targets for autoclave temperature and pressure achieved again and an **oil yield of 180%** of MFA achieved on each occasion. In comparison, T1 delivered oil yields up to 142% greater than yields reported under an MFA, and the yields from T2 were approximately 170% greater.

The mass balance closures for tests T3 to T5 and T4 to T5 (<2% error) showed a great improvement relative to the earlier tests, indicating that changes to the pilot plant configuration including implementation of a gas meter have led to improved performance. Building on the successful oil extraction testing program, QEM commissioned a detailed petrology analysis on the Julia Creek project oil samples during the December quarter.

On 31 May, HRL was engaged to conduct a further two pilot plant runs, with the aim of collecting samples for further petrology analysis. These tests began post reporting period, with produced oil being sent to Eurofins Scientific for analysis. Results will become available during the next reporting period.



Images: QEM's bench scale pilot plant in HRL Laboratories Victoria; Julia Creek Oil Shale; Sample of raw oil produced from Julia Creek shale, using QEM extraction techniques.

VANADIUM BENEFICIATION AND EXTRACTION TESTS

GSA ENVIRONMENTAL

On 10 November 2022, QEM signed a technical collaboration with GSA Environmental Limited (GSAe). The technical collaboration is focused on optimising Vanadium Pentoxide (V₂O₅) recovery from oil shale at the Julia Creek vanadium and oil shale project.

GSAe has specific intellectual property relating to the extraction of vanadium from by-product materials, such as petrochemicals, which aligns optimally with the nature of QEM's Project. GSAe techniques have the strong potential to result in lower carbon emissions and reduced waste at the Julia Creek project, when compared against traditional roasting and acid leaching which would enhance the Project's economics and further bolster QEM's ESG credentials.

GSAe was engaged to conduct comprehensive testing into multiple processes for extracting vanadium from solids generated during shale oil recovery (ASX Announcement 10 Nov 2022). Samples of Julia Creek oil shale (post-oil extraction from QEM's pilot plant at HRL Melbourne) were subjected to leaching tests to extract vanadium using a variety of reagents and methods.

Vanadium extraction rates achieved by both acid and alkaline leaching methods exceeded previous acid extraction results (ASX Announcement 27 Sept 2022), whilst reagent consumption was improved significantly over previous test work with further optimisation work still progressing.

Acid leaching yielded up to 98% extraction - highest rate to date. Alkali leaching routes also showed promising results with 92% vanadium extraction achieved.

THE UNIVERSITY OF QUEENSLAND

On 14 December 2022, QEM announced the commencement of the first work order with the Company's new global industry, research and education partner, The University of Queensland's Sustainable Minerals Institute (UQ SMI), under an Umbrella Agreement signed between the parties on 29 September 2022. UQ SMI is characterising the mineralogy of QEM's Julia Creek shale post-oil extraction to assist in optimising vanadium beneficiation to further improve V₂O₅ yields.

UQ SMI is utilising material produced from the successful testing at QEM's bench-scale pilot plant and integrates expertise across the mine life cycle. For this project with QEM, UQ SMI have brought together experts in mineral surface chemistry, process mineralogy, ore and tailings, fine particle beneficiation expertise and mining and geotechnical engineering. The team will analyse the Rare Earth Elements (REE) hosted in the samples to determine if there is potential for economic recovery.

JULIA CREEK RENEWABLES PROJECT

In July 2022, QEM completed the installation and commissioning of a 163-metre meteorological mast (met mast) for the Julia Creek Renewables Project. The met mast, which was developed by Fulcrum 3D, was fitted with anemometers and other instrumentation to measure wind speed and other meteorological conditions. The mast has captured over 12 months of real-time data, needed to better understand the potential for renewable power generation for the Julia Creek Project. The met mast complements the Fulcrum 3D SoDAR and Solar Monitoring Station installed in May 2022.

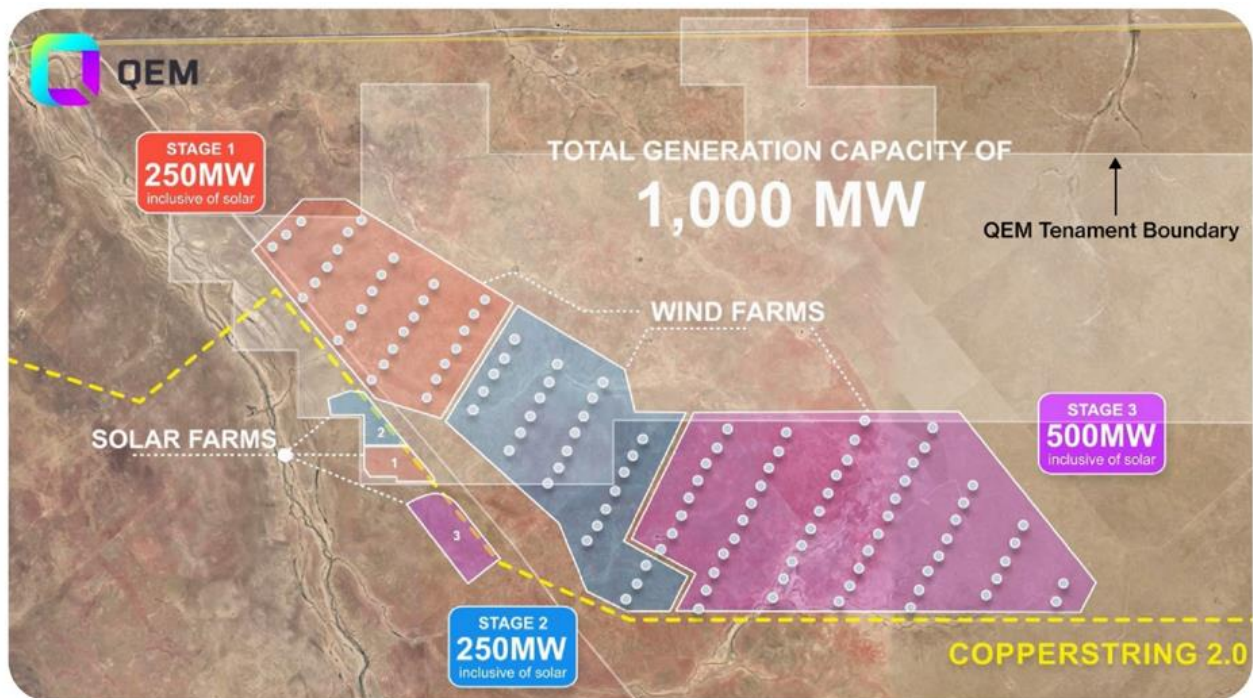


Image: Proximity of CopperString to QEM's tenements

The objective of the wind and solar data gathered over the past year is to further inform the renewable power generation optimisation study conducted by global engineering consultant GHD, which includes up to 1GW of hybrid solar/wind generation capacity.



Images: SODAR and Solar equipment installed on site at Julia Creek; 160m Met Mast commissioned on-site July 2022

Additional studies have been conducted over the past year to further de-risk the hybrid wind/solar farm. Environmental assessments, topographic surveys, preliminary flood modelling and geotechnical studies were completed at potential locations of wind turbines.

In February 2023, QEM established a data room containing relevant information pertaining to the renewables project to allow interested parties to formulate indicative non-binding offers to build, own and operate the hybrid wind/solar farm in Julia Creek.

QEM received a number of non-binding offers, indicating strong interest from global developers on the Renewables Project located near Julia Creek (Refer: ASX announcement 31 May 2023). After assessing the non-binding offers, QEM has shortlisted three potential developers, owners, and operators for one of the State's largest proposed renewable energy projects (ASX Announcement 3 July 2023):

- ACCIONA Energía;
- Enel Green Power; and
- Origin Energy and Energy Estate (joint venture).

Post reporting period, QEM is in active discussions with the three shortlisted parties.

ANNOUNCEMENT OF COPPERSTRING 2.0 – ACQUISITION BY QUEENSLAND GOVERNMENT

On 7 March 2023, the Queensland Premier Anastasia Palaszczuk released a joint statement with the Queensland Treasurer Cameron Dick, Resources Minister Scott Stewart and Energy Minister Mick De Brenni announcing that the Palaszczuk Government will deliver the 1,100 km CopperString project to unlock Australia's largest renewable energy zone and more than \$500 billion dollars in new critical minerals in North Queensland. Early works on the \$5 billion CopperString project will start this year with construction planned to commence next year. <https://statements.qld.gov.au/statements/97314>

CopperString 2032 will connect vast renewable wind and solar resources with critical minerals mining and processing in the North West Minerals Province ("NWMP") and will be delivered as part of the \$62 billion Queensland Energy and Jobs Plan. [Department of Energy and Public Works \(epw.qld.gov.au\)](https://epw.qld.gov.au)

"CopperString is the most significant investment in economic infrastructure in North Queensland in generations. Unlocking affordable renewable energy and our critical minerals will benefit Townsville, Mount Isa and every town in between – unlocking thousands of jobs and billions in investment," said Queensland Premier Annastacia Palaszczuk.

Construction is expected to support 800 direct jobs over six years and thousands of new jobs in critical minerals mining, manufacturing and construction of renewables. Publicly owned transmission business Powerlink will lead work on the project.

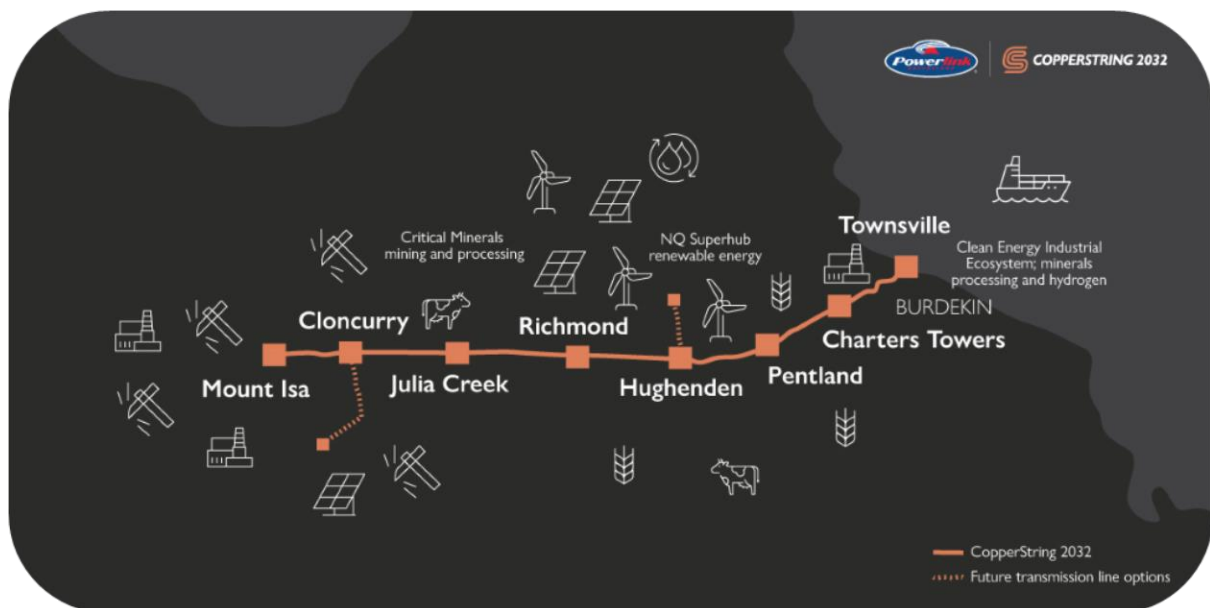


Image source: <https://www.powerlink.com.au/projects/copperstring-2032>

DRILLING PROGRAMS

2022 DRILLING CAMPAIGN

In August 2022, QEM Limited completed an extended drilling campaign as part of QEM's Julia Creek Vanadium Project. The campaign targeted 17 locations across the QEM tenement and lasted 23 days. This was a multipurpose drilling campaign that focused on resource exploration, groundwater bore installation and geotechnical analysis. The drilling was conducted over four Exploration Permit for Minerals (EPM) 27057, 25662, 26429 and 25681 that QEM holds.

QEM engaged Measured Group as the lead resource geologist/ program manager and All State Drilling as the drilling contractor. Epic Environmental and GHD were also present during the campaign to oversee the construction of the groundwater monitoring bores and to conduct series of geotechnical tests respectively. The 2022 drilling campaign consisted of 5 exploration holes, 9 groundwater bores and 5 geotechnical test holes. In total 17 holes were drill as 2 were dual purpose, used for both exploration and groundwater bore installation.

Exploration results were carried over to the 2023 program and will be added to the JORC Report at expected in December 2023.

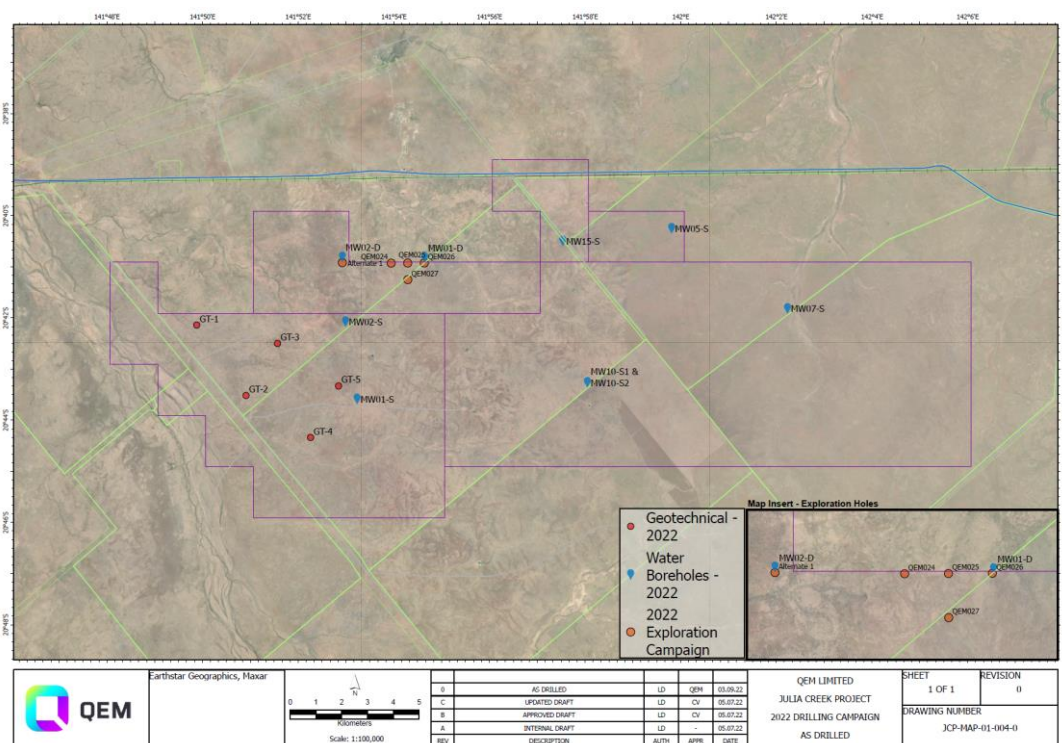


Image: 2022 drilling campaign

2023 DRILLING CAMPAIGN

QEM began planning for the 2023 drilling campaign in March 2023. The program includes 12 drilling locations for the purpose of resource exploration and definition, geotechnical studies and water boreholes and waste characterisation.

QEM engaged Measured Group as the lead geologist/ program exploration managers, All State Drilling as the drilling contractors, Cartledge Mining and Geotechnics (Cartledge) to supervise geotechnical investigations and ATC Williams as the hydrogeologists to supervise groundwater bore installations. Conduct and Compensation Agreements (CCAs) were issued and executed by the landholders in May and the drilling program began, post reporting period on 10 July, with completion on 3 August 2023.

Post drilling, a 2D seismic survey will be conducted to determine the geological structure(s) and the continuity of the resource across the project area. This survey will be conducted by Velseis Seismic Technologies and is planned to commence post reporting period in September 2023. Updated JORC Report expected post reporting period in December 2023.



Images: QEM 2023 drilling campaign and core samples

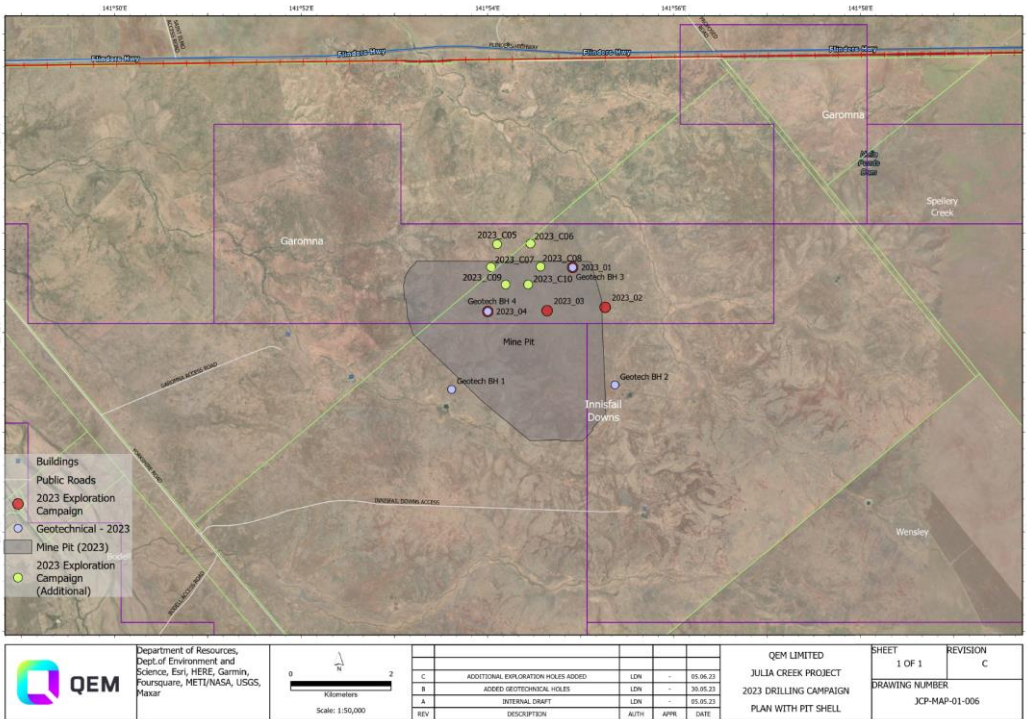


Image: 2023 drilling program

Competent Persons Statement

*The information in this report that relates to the mineral resource and contingent resource estimates for the Company's Julia Creek Project was first reported by the Company in its IPO prospectus dated 20 August 2018 and supplementary prospectus dated 12 September 2018 (together, the "Prospectus") and the subsequent resource upgrade announcements ("Resource Upgrade") dated 14 October 2019 and 7 April 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and Resource Upgrade, and in the case of estimates of Mineral Resources and Contingent Resources, that all material assumptions and technical parameters underpinning the estimates in the Prospectus and Resource Upgrade continue to apply and have not materially changed.

ENVIRONMENTAL SURVEYS & STUDIES

ECOLOGY SURVEYS

On 15 November 2022, Epic Environmental (Epic) issued the Julia Creek Project Ecological Assessment Report (EAR). The scope of the EAR includes a baseline assessment of the ecological values within QEM's tenement. The EAR was developed with information from desktop assessments, and extensive a post west season flora and fauna field survey and a dry season flora field survey.

The EAR will support a future Environmental Impact Assessment under the State Development and Public Works Organisation Act 1971 or similar process to support a future Environmental Authority. The EAR may also inform a future significant impact assessment to support a referral under the Environment Protection and Biodiversity Conservation Act 1999.

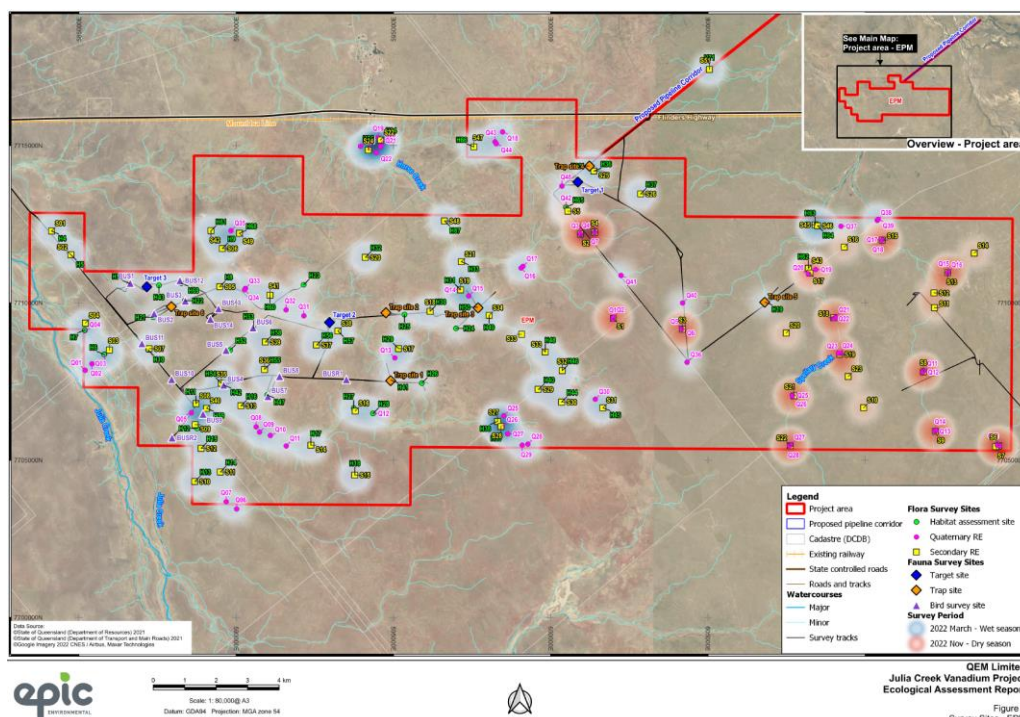


Image: QEM Environmental baseline assessment map

FLOOD STUDY

QEM engaged WRM Water and Environment (WRM) in September 2022 to undertake a Flood Study Assessment of the tenement. The aim of the study is to provide a better understanding of flooding constraints across the tenement to assist with the mine planning and preliminary infrastructure design.

WRM estimated Design Flood Discharge Hydrographs for a range of storm durations up to 168 hours for Annual Exceedance Probabilities (AEPs) ranging from 0.1% to 10% AEP along with modelling two historical flood events.

The memorandum and flood model were completed and delivered to QEM on 15 December 2022.

WATER MONITORING

In October 2022, QEM issued a work order to ATC Williams to conduct the monthly groundwater and surface water quality monitoring program. ATC Williams is an international consulting engineering company that specialises in design and management of tailing storage facilities and their associated tailings dewatering and water distribution infrastructure.

The first ground and surface water monitoring event took place in November 2022; the monitoring program will continue for a minimum of 12 months to characterise environmental baseline conditions and inform the engineering design for tailings storage facilities. During the reporting period, ATC Williams and QEM have conducted 7 monitoring campaigns around QEM's tenement and Julia Creek.



Images: 2023 water monitoring campaign

WASTE CHARACTERISATION

In June 2023, QEM engaged RGS Environmental Consultants Pty Ltd (RGS) to conduct preliminary waste characterisation assessments of the overburden and ore bodies throughout the project. RGS is a specialised geosciences consulting and a leading provider of environmental management services to the mining, energy, and mineral processing industry for 15 years.

The RGS's scope is to provide soil quality, geochemical and physical characterisation of all major geological units in the deposit from the topsoil to the deepest mined surface using available geological and assay data, samples from metallurgical analytical programs, and samples from the 2023 drilling campaign.

This information will be used to provide QEM with technical support to develop viable mine waste and mine water management strategies through subsequent stages of the project.

GEOTECHNICAL STUDIES

On 11 November 2022, GHD Pty Ltd (GHD) issued a Geotechnical Factual Report outlining the Geotechnical field investigation program conducted in August 2022. The report details site observations made, investigations undertaken, ground conditions encountered, and the results of laboratory testing from material collected from 5 boreholes. GHD also issued a Preliminary Geotechnical Foundation Assessment Memorandum on 8 January 2023.

On 11 April 2023, QEM engaged Cartledge Mining and Geotechnics to conduct a preliminary geotechnical investigation of the proposed mine pit to feed into the pre-feasibility study (PFS). Drilling for the geotechnical study is being carried out as part of the 2023 JCP resource exploration campaign in July.

Cartledge Mining and Geotechnics provide geotechnical solutions and advisory services to the mining industry. The team has global experience having worked in, Australia; England; Scotland; Wales; PNG; Indonesia; America; Canada; South Africa; Madagascar; Suriname; Zambia; Zimbabwe; China; Mongolia; Kazakhstan; Turkey; Chile; Brazil; Argentina; Colombia and, the Solomon Islands

WATER OPTIONS ASSESSMENT

QEM engaged ATC Williams on 31 October 2022 to complete a water options assessment for the Julia Creek Vanadium Project. The study assessed the viability of sourcing reliable water from five sources:

- Groundwater
- Third party (supplemented) water
- Unsupplemented water – water harvesting from nearby watercourses
- Water trading
- Capture of site overland flow

The study was completed in February and two options were recommended for further investigation:

- Seasonal water harvesting from the Flinders River
- Potential for a common user pipeline from Cloncurry, utilising the water resources from Lake Julius in NW Queensland

COMMON USER WATER PIPELINE

The North West Vanadium Supply Pipeline Project Study, conducted by Epic Environmental and Water Resources Pty Ltd on behalf of the vanadium proponents surrounding Julia Creek/Richmond area, was completed 13 April 2023 and presented to the Queensland Government in May.

An Opportunity and Constraints Assessment was prepared by Epic Environmental and Water Resources Pty Ltd for QEM Limited, Richmond Vanadium Technology, Currie Rose Vanadium Pty Ltd, Critical Minerals Group, and Veeco Group Pty Ltd (the Parties). The assessment considered the opportunities and

constraints of two proposed pipeline options and identified the availability of 20,850 ML/a of secure water. This water could be utilised by Critical Minerals Projects in the recently established Julia Creek-Richmond Critical Minerals Zone, announced by the Queensland Minister for Resources on 27 June 2023. [Strategy to grow Queensland's critical mineral sector - Ministerial Media Statements](#), such as QEM, as part of a common user infrastructure approach to government, the intent of which is to gain support for this vital piece of infrastructure.

The report includes the consideration of the current water demand and supply schemes, engineering design and pipeline components, cost estimates, forecast supply tariffs, ownership models and commercial considerations, environmental constraints and regulatory approvals required for each option.

The Queensland Government is now considering the proposal and investigating various potential funding options.

VANADIUM EXTRACTION FROM INDUSTRIAL WASTE

During the reporting period, QEM entered into two agreements with Queensland sulphuric acid producers for the off take of vanadium bearing spent catalyst.

These agreements were made with Sun Metals Corporation Pty Ltd ("SMC" or "Sun Metals") and Incitec Pivot Limited (ASX: IPL) ("IPL" or "Incitec") on 7 March 2023 and 27 June 2023 respectively. The scope of the agreements is for the off-take of all vanadium-bearing spent catalyst from Sun Metals operations in Townsville and Incitec's Mount Isa operations for five years with an option to extend.

This collaboration represents a Circular Economy opportunity where industrial waste can be repurposed to a higher use. Spent catalyst recycling is an environmentally beneficial solution, without which valuable metals like vanadium may be lost or sent to landfill.

The spent catalyst can be processed using standard, tested methods to extract high grade vanadium pentoxide with >99% purity, a grade required to produce electrolyte for Vanadium Redox Flow Batteries (VRFB), suitable for Long Duration Energy Storage (LDES) systems which will enable renewable power projects in Queensland.

QEM commissioned Clean TeQ Water Pty Ltd (CNQ) to assess the viability of vanadium recovery from the vanadium bearing spent catalyst.

The study established that 90% of the vanadium present in IPL's spent catalyst is extractable using CNQ's proprietary methods. This can then be purified to >99% vanadium pentoxide (V2O5).

QUEENSLAND RESOURCES COMMON USER FACILITY (QRCUF)

In April 2023, the Queensland Government announced an increase of funding from \$10m to \$75m to accelerate the development of the Queensland Resources Common User Facility (QR-CUF). This significant funding commitment by the Queensland Government speaks to its recognition of the size of the opportunity for Queensland critical minerals. The Queensland Government is inviting proponents to submit an Expression of Interest demonstrating their capability to be the managing contractor responsible for the design and construction of the QR-CUF. This is another significant step toward the delivery of this project,

of which QEM is a founding participant with vanadium processing to be prioritised at the facility before being expanded to other critical minerals.

On 20 June 2023, QEM presented Treasury and Department of Resources a proposal to bring forward stage one of the QR-CUF and to install the equipment needed for vanadium extraction from spent catalyst, collected from Sun Metals and IPL. This is equipment that will form part of the QR-CUF and can be utilised by other users of the facility also. At the time of this report, QEM is still awaiting response on this proposal to Treasury and Department of Resources regarding the QR-CUF.

CAPITAL RAISINGS

On 3 October 2022, QEM announced it had received firm commitments to raise \$2.2m via an oversubscribed placement to new and existing sophisticated and professional investors at 22 cents per share. This was only a 1 cent discount to QEM's closing price on 2 October 2022. The placement received continued support from existing shareholders, including non-executive director and major shareholder David Fitch, who subscribed for \$600,000 to maintain his 28.7% shareholding. In tandem with existing cash reserves, proceeds from the placement have fully funded QEM's pilot plant program, including the additional petrology, vanadium pentoxide processing and an update to the 2016 mining scoping study. Complementing these activities, the funds have enabled QEM to undertake beneficiation and mineral characterisation work with UQ SMI to further optimise the processing plan.

On 21 June 2023, QEM announced the completion of a \$2.72 million placement of 16,000,000 new fully paid ordinary shares at \$0.17 per share. This includes a contribution by major shareholder and non-executive director David Fitch for ~\$765,000 to maintain his 28.7% shareholding in QEM, subject to shareholder approval. Complementing existing cash reserves, proceeds from the placement will fully fund QEM's pilot plant program, including additional petrology and vanadium pentoxide processing flow sheet optimisation. These works follow the successful second round of bench-scale pilot plant testing which delivered a significant improvement in vanadium extraction rates and oil yields. Complementing these activities, QEM will undertake beneficiation and mineral characterisation work with the University of Queensland to further optimise the processing plan. In addition, funds have also been allocated to further in-fill drilling and an update to the JORC report. These essential activities will underpin both the mining and processing strategies and further position QEM as a leading vanadium developer in Australia.

GOVERNMENT RELATIONS

Throughout FY2023, QEM has continued its engagement with the relevant all Queensland State Government Departments who are key stakeholders in the progress and development of the Julia Creek Project, whilst also providing strong support for the development of vanadium industry.

At the World Mining Congress in June 2023, the Queensland Premier announced the Queensland Critical Minerals Strategy and a \$245 million investment into the sector, including:

- Reducing rent for new and existing exploration permits for minerals to \$0 for the next five years
- Establishing critical mineral zones, initially at Julia Creek/Richmond and around Mount Isa, to support critical minerals projects
- \$75M to establish Critical Minerals Queensland, a one-stop office to oversee the development of the sector

- Investment to target mining waste and tailings for critical minerals, and scientific research including circular economy initiatives
- Delivering the \$100M Critical Minerals and Battery Technology Fund to support new projects

QEM is set to take advantage of these initiatives as the Company progresses the development of the Julia Creek Project.



Image: World Mining Congress, June 2023. (L to R: QEM Chair Tim Wall, Communications Director Joanne Bergamin, Qld Premier Annastacia Palaszczuk, Minister for Resources Scott Stewart)

R&D TAX INCENTIVE REFUND

On December 23rd QEM received the R&D tax incentive rebate for a total of \$440,477 for financial year 2021/2022. These funds will be reinvested into the on-going project development.

BOARD APPOINTMENTS

TIMOTHY WALL

On 12 October 2022 QEM announced the appointment of Tim Wall as a non-executive director to further enhance QEM's board.

Mr Wall is a highly experienced company director and executive across the energy, infrastructure, transport and resources sectors, with a strong leadership track record at multiple ASX100 companies.

Mr Wall was elevated to the role of Deputy Chair following the Company's Annual General Meeting on 17 November 2022 and subsequently Chair after former Chair John Foley stepped down from the board on 15 February 2023.

TONY PEARSON

On 24 August 2023 QEM appointed former HSBC Managing Director Mr Tony Pearson to the Company's Board of Directors as a Non-executive Director.

Mr Pearson is a highly experienced company director with 10 years' experience on Australian, Toronto and Hong Kong Stock Exchange-listed companies, government, and not-for profit boards.

Mr Pearson's experience spans natural resources, infrastructure, and State and Federal Government. He is currently Chair of Possability Group Limited ("Possability") and ASX-listed company, Cellnet Group Limited. He also serves as a Non-Executive Director of ASX listed Xanadu Mines and not-for-profit Communicare.

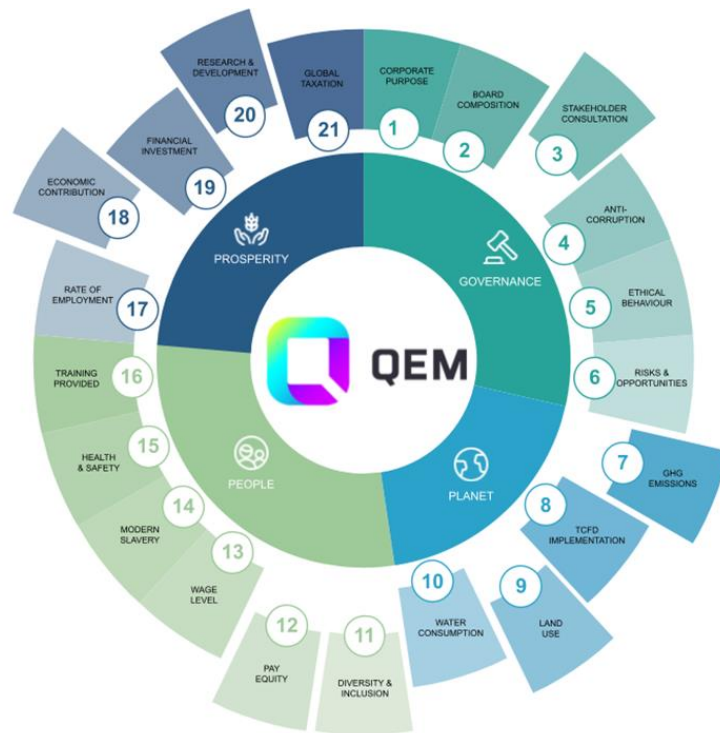
His experience includes a variety of senior positions as a finance and investment professional, most recently as Managing Director at HSBC (Hong Kong Shanghai Banking Corporation) and prior to that as Group Executive at SouthGobi Resources and was previously Chair of ASX-listed Peak Rare Earths.

The QEM Board believes his knowledge and experience will be pivotal in bringing the project from the pre-feasibility to development stage.

ESG AND COMMUNITY RELATIONS

The end of FY23 marks the sixth consecutive quarter that QEM is monitoring and disclosing the Company's ESG progress and initiatives via Socialsuite's ESG Go platform.

QEM's ESG reporting is based on the 21-core metrics set by the World Economic Forum (WEF), as part of WEF's standardised and globally recognised Stakeholder Capitalism Metrics ESG framework. ESG highlights for QEM follow, including this graphic summary of the Company's ESG focus. These core areas will be continually updated with the input of stakeholder feedback.



COMMUNITY

Investment in our community is a high priority for QEM.

In 2022, QEM invested in a permanent presence in the town of Julia Creek, just 6km from our flagship vanadium project. QEM leased the property which was formerly the Suncorp Bank, for office space and employee accommodation.

In the first quarter of 2023, QEM employed local tradespeople to renovate the premises, ready for the official opening on 17 April 2023 by Mayor of McKinlay Shire Council Philip Curr during the MITEZ Vanadium Forum in Julia Creek.

The opening of QEM's Julia Creek Office was attended by 150 MITEZ (Mount Isa to Townsville Economic Development Zone Inc.) members and industry leaders, local government councillors, state and federal government representatives, including Senator Susan McDonald, as well as the company's vanadium resource optimisation partners from the University of Queensland's Sustainable Minerals Institute.



Image: Official opening of QEM's Julia Creek Office, 17 April 2023

Throughout the FY2023, QEM contributed to the region with a dozen work packages being assigned to local contractors in Julia Creek and the North West Minerals Province, for work including fabrication, plant hire, civil site works, building renovations, as well as preparation for QEM's 2023 drilling campaign and general property maintenance.

QEM also seeks to support the greater communities in which we operate, with a particular focus on youth and women's development, education and sport.

QEM proudly sponsors the Julia Creek Saints junior girls and boys and senior rugby league teams, as well as the annual Town vs Country Women's Netball, Juniors and Seniors' Rugby League.

QEM was a major sponsor of the 2023 Julia Creek Dirt N Dust Festival in April, and again in June, a major sponsor for the Saxby Roundup weekend – camp draft, rodeo, kids events and entertainment.

Also in June 2023, QEM was pleased to be a Bronze Sponsor of the Isolated Children's Parents' Association Queensland Inc. Conference held in Julia Creek, dedicated to ensuring rural and remote students have equity of access to a continuing and appropriate education.

The company's Managing Director Gavin Loyden, who is based on the Gold Coast, raised \$5,300 for the homeless when he slept out on 22 June for the Vinnies CEO Sleepout. Also on the Gold Coast, QEM sponsored a table at the "Investing in Women in Resources" event, organised by Joanne Bergamin, QEM's Director of Communications & Sustainability, and President of Women in Mining and Resources (WIMARQ) Gold Coast. QEM also fully supports Ms Bergamin in her volunteering for St Vincent de Paul Society and participating regularly in resources industry STEM days at local girls' school, St Hilda's.

The Company will continue to support its peoples' participation in community-based events and review its level of economic contribution, commensurate with its activities.

INFORMATION ON DIRECTORS

TIM WALL – NON-EXECUTIVE CHAIRMAN – APPOINTED 15 FEBRUARY 2023 (APPOINTED AS NON-EXECUTIVE DIRECTOR 12 OCTOBER 2022)

GAICD, MIE Aust, CPEng, RPEQ

Background

Mr Wall is a experienced ASX chair and company executive across energy, infrastructure, transport and resources sectors, with a strong leadership track record at multiple ASX100 companies. His impressive list of recent achievements includes driving a strategic shift in manufacturing while President of Global Manufacturing and Corporate HSE for Incitec Pivot. He also delivered highly successful operational outcomes while occupying senior managerial positions at Caltex Australia and BP Australia.

Mr Wall currently serves as a Senior Advisor – Oil and Gas at management consultant dss+ and as a Director for energy consultant TJW Energy, with specific expertise in hydrogen and ammonia manufacturing, storage and transportation, and energy storage technologies.

Mr Wall brings strong ESG credentials to the QEM Board, exemplified by his four-year board tenure on the not-for-profit National Association of Women in Operations.

Interest in securities

100,000 Ordinary Shares

600,000 Options exercisable at \$0.345 on or before 12 August 2025

Directorships held in other listed entities in the past three years

None

GAVIN LOYDEN – MANAGING DIRECTOR

M.A.I.C.D

Background

Gavin Loyden is the Founder and Managing Director of QEM Limited, having identified and acquired the significant dual commodity resource at Julia Creek. Mr Loyden is responsible for QEM's early capitalisation, initial exploration program and project development. He has over a decade of experience in the mining industry.

Prior to founding QEM, Mr Loyden assisted a range of companies from early stage development through to international stock market listings. He has extensive experience in the structuring of capital raising proposals for both private and public companies, executive selection, and Corporate Governance. Mr Loyden is a member of the Australian Institute of Company Directors.

Interest in securities

20,654,936 Ordinary Shares

2,000,000 Options exercisable at \$0.345 on or before 12 August 2025

Directorships held in other listed entities in the past three years

None

DAVID FITCH – NON-EXECUTIVE DIRECTOR

B.Com. B.Juris., GAICD

Background

Mr Fitch was previously the Chief Operating Officer and joint major shareholder of the Fitch Group – a group of companies with assets in excess of \$250 million spread across the commercial, residential, manufacturing, retail and hotel industries.

He has extensive experience in strategic planning, commercial negotiations, business operations and asset management, with a particular focus on greenfield development sites for the commercial / retail sectors and residential development.

Mr Fitch is also actively involved as director of BioCentral Laboratories Ltd, a company producing advanced products for the firefighting industry, in addition to dust suppressants for mining and road construction. Mr. Fitch is also the largest shareholder of QEM.

Interest in securities

43,440,477 Ordinary Shares

1,000,000 Options exercisable at \$0.345 on or before 12 August 2025

Directorships held in other listed entities in the past three years

None

DANIEL CLIFFORD HARRIS – NON-EXECUTIVE DIRECTOR

B.Sc (Chem Eng)

Background

Mr Daniel Harris is a seasoned and highly experienced mining executive and director. He has most recently held the role of interim CEO and managing director of ASX listed Atlas Iron, a mid-sized, independent Australian iron ore mining company with operations in the Northern Pilbara of Western Australia.

Mr Harris has been involved in all aspects of the vanadium industry for over 45 years and held both COO and CEO positions in Atlantic Ltd. The company's subsidiary, Midwest Vanadium, owned a +\$500 million-dollar production plant and vanadium mine in Western Australia. As COO, Daniel was tasked with the start-up of the newly constructed vanadium plant and brought it into commercial operation.

Mr Harris is also the former Vice President of EVRAZ Plc, Vanadium Assets responsible for their global vanadium business. EVRAZ plc is a £4.2 billion publicly traded steel, mining and vanadium business with operations in the Russian Federation, Ukraine, Europe, USA, Canada and South Africa. EVRAZ consolidated vanadium business produced and marketed approximately one third of the world's vanadium supply, with annual turnover, in excess of \$600 million dollars.

Prior to EVRAZ, Mr Harris held numerous positions with Strategic Minerals Corporation. Throughout his 30 years with the company, he advanced his career from junior engineer, through to CFO and CEO roles within the group and was responsible for increasing the capacity of the Hot Springs Project by 50%.

Mr Harris is a non-executive director on the Board of Australian Vanadium Ltd, a Perth based vanadium company now finalizing a DFS for their Gabanintha vanadium project. Additionally, Mr Harris is an Executive Director and member of the board of U. S. Vanadium, Ltd, a US based vanadium producer of high purity vanadium oxides and chemicals, and a Non-executive Director of Red Hawk Mining, and ASX listed iron ore company.

Mr Harris also acts as a technical executive consultant to GSA Environmental in the UK, a process engineering company that is well credentialed in the vanadium and oil industries. GSA is the UK's leading technology company for extraction and recovery of metals from ashes, minerals, refinery residues, spent catalyst and industrial by-products.

Mr Harris brings a wealth of experience, in all aspects of mining and project development and will assist QEM in creating a world class project in Queensland, Australia.

Interest in securities

600,000 Options exercisable at \$0.345 on or before 12 August 2025

Directorships held in other listed entities in the past three years

Australian Vanadium Limited (current)

Red Hawk Mining (previously Flinders Mines Limited) (current)

Atlas Iron Limited

Paladin Energy Ltd

TONY PEARSON – NON-EXECUTIVE DIRECTOR – APPOINTED 24 AUGUST 2023

B.Comm. (with Merit) UNSW, MAICD

Background

Mr Pearson's experience spans natural resources, infrastructure, and State and Federal Government. He is currently Chair of Possability Group Limited. He also serves as a Non-Executive Director of ASX-listed Xanadu Mines, a Trustee of the Royal Botanic Garden & Domain Trust, and a non-executive director of not-for-profit Communicare. Mr Pearson was previously Chair of ASX-listed Peak Rare Earths and Cellnet Group Limited, as well as a Commissioner at the Independent Planning Commission. His executive experience includes a variety of senior positions as a finance and investment professional, most recently as Managing Director at HSBC (Hong Kong Shanghai Banking Corporation) and prior to that as Group Executive at SouthGobi Resources.

Mr Pearson's experience also bolsters the Board's ESG credentials. He is the Chair of Possability, a leading human services organisation in disability and youth services. As a Commissioner at the Independent Planning Commission, he determined state significant development projects, with a need to consider environmental and other stakeholder impacts, across natural resource, wind and solar farm projects. As a former Senior Advisor to Regnan, Mr Pearson provided ESG advice to some of Australia's largest institutional shareholders.

Interest in securities

225,000 Share Performance Rights Expiry 26 August 2026 – vesting conditions disclosed on ASX

150,000 Share Performance Rights Expiry 26 August 2027 – vesting conditions disclosed on ASX

Directorships held in other listed entities in the past three years

Xanadu Mines Ltd (current)

Cell Group Limited

Peak Rare Earths Ltd

JOHN JOSEPH FOLEY – NON-EXECUTIVE CHAIRMAN – RESIGNED 15 FEBRUARY 2023

B.D., LL.B., B.L. (Dub), KHS., F.A.I.C.D. Barrister-at-Law

Background

Graduating in law from the University of Sydney in 1969, Mr John Foley was admitted to practice as a barrister in New South Wales in 1971. He was subsequently admitted to practice in the jurisdictions of Victoria, ACT, the High Court of Australia and Ireland. He graduated with the post graduate degree of Barrister-at-Law from Trinity College Dublin and was called to the Irish Bar and admitted as a Member of the Honourable Society of King's Inns in Dublin. Mr Foley spent two years as a lecturer in law at Macquarie University Sydney and has practiced as a Barrister for 40 years.

He is also currently a director of two public companies listed on the ASX, namely Citigold Corporation Limited (ASX: CTO) and Hudson Investment Group Limited (ASX:HGL). John was a founding director of the Australian Gold Council, the industry body. He is a long standing member and fellow of the Australian Institute of Company Directors and he is listed in Who's Who in Business in Australia.

Mr Foley has wide-ranging experience in the resources, financial and investment related industries, with extensive business experience in Australia and overseas. His leadership roles have covered a broad scope of senior positions, and his commercial and legal background will provide further depth, knowledge and experience to any enterprise.

Mr Foley has a large network of connections with people in government, industry and the Investment community. As a professional advocate he has represented industry bodies before various Commissions, Tribunals and Courts and has extensive experience in negotiations and representations with both State and Federal Governments.

Interest in securities

884,299 Ordinary Shares

600,000 Options exercisable at \$0.345 on or before 12 August 2025

Directorships held in other listed entities in the past three years

Citigroup Corporation Limited (current)

Hudson Investment Group Limited (current)

JOHN HENDERSON – NON-EXECUTIVE DIRECTOR – RESIGNED 9 NOVEMBER 2022***Background***

Mr John Henderson is a Non-Executive Director, Advisory Board Member, Director and project development specialist with 40 years industry experience in the mining, oil & gas and energy sectors. He has deep, experience-based understanding of major project development processes and governance.

Since 2016, Mr Henderson has been a minority shareholder of Siecap Pty Ltd, which provides project management advisory and consultancy services to mining, petroleum and energy clients. His executive career has included senior project development and delivery assignments for multi-national energy, resource and petroleum companies including BHP, Rio Tinto and Mobil, as well as large engineering consulting and construction companies. In 2011 he founded Inkwazi Energy, a boutique advisory firm that has provided advisory and strategic consulting to governments and agencies in developing nations.

Interest in securities

135,000 Ordinary Shares

600,000 Options exercisable at \$0.345 on or before 12 August 2025

Directorships held in other listed entities in the past three years

None

COMPANY SECRETARY**DAVID PALUMBO**

Mr Palumbo is a Chartered Accountant and a graduate of the Australian Institute of Company Directors with over fifteen years' experience in company secretarial, accounting and financial reporting of ASX listed and unlisted companies, including five years as an external auditor. Mr Palumbo is an employee of Mining Corporate and provides corporate advisory, financial management and corporate compliance services. He has acted as Company Secretary for numerous ASX listed companies, assisted with multiple ASX IPO's and currently serves on the Board of Krakatoa Resources Limited, Albion Resources Limited and Rubix Resources Limited.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of QEM Limited and for the executives receiving the highest remuneration.

1. Employment Agreements

On 7 April 2022, Gavin Loyden's Remuneration package was reviewed by the board and it was deemed appropriate to increase his remuneration package to \$291,500 per annum plus superannuation effective from 1 July 2022. Previously, on 25 May 2021, Gavin Loyden agreed to a variation from his initial executive employment agreement with the Company. Per the variation, Mr Loyden's annual salary was \$275,000 plus superannuation. Either party may terminate this Agreement by providing written notice to the other party by providing three (3) months' prior notice.

Appointments of non-executive directors are formalised in the form of service agreements between themselves and the Company at a rate of \$31,800 per annum. Their engagements have no fixed term but cease on their resignation or removal as a director in accordance with the Corporations Act. Mr Tim Wall was appointed as a non-executive director on 12 October 2022. His agreement is consistent with other non-executive directors and his remuneration has been awarded on a pro-rata basis since his appointment.

2. Remuneration policy

The Company's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board;
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and are entitled to the issue of share options. The remuneration committee reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Company's shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Any executive director, who is an Australian resident for tax purposes, receives a superannuation guarantee contribution required by the government, which was 10.5%. No other retirement benefits are paid.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed, or capitalised to exploration expenditure if appropriate. Options, if given to directors and executives in lieu of remuneration, are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

3. Options issued as part of remuneration for the year ended 30 June 2023:

During the financial year, the Board were issued 5,400,000 incentive options exercisable at \$0.345 expiring 12 August 2025. Options issued to directors were ratified at the Annual General Meeting of shareholders on 17 November 2022.

4. Details of remuneration for the year ended 30 June 2023:

The remuneration for each key management personnel of the Company during the period was as follows:

2023	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payments		Total	Performance Related	% of Options as Remuneration
Key Management Person	Cash, salary & commissions	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	%	%
Directors								
John Foley ¹	53,000	-	-	-	73,860	126,860	-	58
David Fitch	31,800	3,339	-	-	123,100	158,239	-	78
Daniel Harris	31,800	-	-	-	73,860	105,660	-	70
Gavin Loyden	291,500	30,608	-	-	246,200	568,308	-	43
John Henderson ²	10,600	2,968	-	-	73,860	87,428	-	84
Tim Wall ³	22,824	2,397	-	-	69,341	94,562	-	73
	441,524	39,312	-	-	660,221	1,141,057	-	58
2022	Short-term Benefits	Post-employment Benefits	Other Long-term Benefits	Share based Payments		Total	Performance Related	% of Options as Remuneration
Key Management Person	Cash, salary & commissions	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	%	%
Directors								
John Foley	30,000	-	-	-	-	30,000	-	-
David Fitch	30,000	3,000	-	-	-	33,000	-	-
Daniel Harris	30,000	-	-	-	-	30,000	-	-
Gavin Loyden	275,000	27,500	-	-	-	302,500	-	-
John Henderson	21,300	2,105	-	-	-	23,405	-	-
	386,300	32,605	-	-	-	418,905	-	-

¹ John Foley resigned from his position as Non-Executive Chairman effective 15 February 2023.

² John Henderson resigned from his position as Non-Executive Director effective 9 November 2022.

³ Tim Wall was appointed as a Non-Executive Director on 12 October 2022, and succeeded John Foley as Non-Executive Chairman on 15 February 2023.

5. Equity holdings of key management personnel

Shareholdings

Number of ordinary shares held by key management personnel during the financial year ended 30 June 2023 was as follows:

30 June 2023	Balance at beginning of year	Net change other	Balance at end of year
Directors			
John Foley*	884,299	-	884,299
David Fitch	32,661,432	6,278,523	38,939,955
Daniel Harris	-	-	-
Gavin Loyden	20,641,113	13,823	20,654,936
John Henderson*	135,000	-	135,000
Tim Wall	-	100,000	100,000
	<u>54,321,844</u>	<u>6,392,346</u>	<u>60,714,190</u>

Optionholdings

Number of options held by key management personnel during the financial year ended 30 June 2023 was as follows:

30 June 2023	Balance at beginning of year	Net change other	Balance at end of year
Directors			
John Foley*	-	600,000	600,000
David Fitch	-	1,000,000	1,000,000
Daniel Harris	-	600,000	600,000
Gavin Loyden	-	2,000,000	2,000,000
John Henderson*	-	600,000	600,000
Tim Wall	-	600,000	600,000
	<u>-</u>	<u>5,400,000</u>	<u>5,400,000</u>

* Resigned during the financial period.

6. Other Key Management Personnel Transactions

During the year ended 30 June 2023, the Company paid consulting fees to Daniel Harris totalling \$74,200 (2022: \$70,000). The Company also incurred fees of \$407,899 plus GST (2022: \$716,921 plus GST), to Siecap Pty Ltd for the financial year ended 30 June 2023 under the project management agreement announced to ASX on 20 April 2021. Siecap Pty Ltd is an entity in which John Henderson (resigned 9 November 2022) is a minority shareholder and maintains an advisory role.

On 3 June 2022, the Company entered into a rental agreement with CL Fitch Pty Ltd, a related party entity of David Fitch for a premises in Julia Creek. The rental agreement is for a term of 12 months and is rented to the Company for \$30,000 per annum. The Company paid CL Fitch Pty Ltd \$30,000 (exc GST) in relation to this agreement in financial year 2023 (2022: \$2,250). The Company incurred no other transactions with related parties.

"End of Remuneration Report (Audited)"

AFTER BALANCE DATE EVENTS

On 24 August 2023 the Company issued 4,500,000 fully-paid ordinary shares to David Fitch at \$0.17 per share to raise \$765,000. The shares were placed as part of the 27 June 2023 capital raise and were issued after receiving shareholder approval at the general meeting held on 24 August 2023.

On 25 September 2023, the Company entered into a unsecured loan facility from Non-Executive Director David Fitch. Under the facility, the company will receive an initial A\$1 million tranche of funding and the ability to call for an additional A\$1 million at the election of QEM at any time in the period 6 months after commencement of the Facility. The Facility bears an interest rate of 10.0% per annum on the drawn amounts that is payable at maturity (12 months). QEM may at its election at any time up to the date that is 9 months after the commencement of the Facility, repay the amount owing under the Facility (in whole or in part) by way of the issue of shares in QEM (subject to shareholder approval first being obtained).

No other matters or circumstances 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 years.

FUTURE DEVELOPMENTS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS

During the financial year, 5 meetings of directors were held. Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Tim Wall	4	4
John Foley	3	3
David Fitch	5	5
Daniel Harris	5	5
Gavin Loyden	5	5
John Henderson	2	2

ENVIRONMENTAL ISSUES

The Company is not aware of any breaches in relation to environmental matters.

OPTIONS

At the date of this report, there were 5,850,000 unissued ordinary shares of the Company under option.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

INDEMNIFYING OF OFFICERS

During the year the Company paid premiums in respect of a contract insuring all the directors and officers of the Company against liabilities, past, present and future.

In accordance with normal commercial practice, the disclosure of the total amount of premiums under and the nature of the liabilities covered by the insurance contract is prohibited by a confidentiality clause in the contract.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support, and adhere to, good corporate governance practices. Refer to the Company's Corporate Governance Statement at www.qldem.com.au.

NON-AUDIT SERVICES

There were no fees paid or payable to the external auditors for non-audit services provided during the year ended 30 June 2023.

AUDITOR'S DECLARATION OF INDEPENDENCE

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

Signed in accordance with a resolution of directors.



Gavin Loyden
Managing Director
27 September 2023

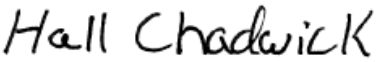
To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of QEM Limited for the financial year ended 30 June 2023, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,


HALL CHADWICK WA AUDIT PTY LTD


MARK DELAURENTIS CA
Director

Dated this 27th day of September 2023
Perth, Western Australia

Statement of Profit or Loss and Other Comprehensive Income

	Note	2023 \$	2022 \$
Revenue	2	453,398	256,769
Corporate and compliance expenses		(302,596)	(248,746)
Investor relations and marketing expenses		(188,467)	(120,673)
Travelling expenses		(260,315)	(55,285)
Employee benefits expense		(406,956)	(273,717)
Exploration expenditure		(2,639,248)	(2,132,103)
Share based payments expense	12	(752,451)	-
Depreciation expense		(241,904)	(81,996)
Foreign exchange		(11,058)	-
Other expenses		(211,722)	(171,391)
Loss from continuing operations before income tax benefit		(4,561,319)	(2,827,142)
Income tax expense	3	-	-
Loss from continuing operations after income tax benefit		(4,561,319)	(2,827,142)
Other comprehensive income, net of tax		-	-
Total comprehensive loss attributable to Members of the parent entity		(4,561,319)	(2,827,142)
Basic and diluted loss per share (cents)	4	(3.46)	(2.51)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,970,158	1,425,475
Trade and other receivables	6	117,555	184,925
Other assets	7	96,858	77,530
Right of Use Asset	9	91,828	91,828
Total Current Assets		2,276,399	1,779,758
Non Current Asset			
Other Assets	7	19,450	19,450
Right of Use Asset	9	30,609	122,437
Plant and Equipment	10	1,062,649	716,877
Total Non Current Asset		1,112,708	858,764
Total Assets		3,389,107	2,638,522
LIABILITIES			
Current Liabilities			
Trade and other payables	8	392,026	518,648
Lease Liabilities	9	104,198	94,651
Provisions		107,199	64,035
Total Current Liabilities		603,423	677,334
Non Current Liabilities			
Lease Liabilities	9	36,484	140,682
Non Current Liabilities		36,484	140,682
Total Liabilities		639,907	818,016
Net Assets		2,749,200	1,820,506
EQUITY			
Issued capital	11	16,230,949	11,448,721
Reserves	12	724,869	17,084
Accumulated losses		(14,206,618)	(9,645,299)
Total Equity		2,749,200	1,820,506

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2023

	Issued Capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	7,937,665	17,084	(6,818,157)	1,136,592
Issue of shares (net)	3,511,056	-	-	3,511,056
Loss after income tax expense for the	-	-	(2,827,142)	(2,827,142)
Options issued during the period	-	-	-	-
Other comprehensive income for the year,	-	-	-	-
Balance at 30 June 2022	11,448,721	17,084	(9,645,299)	1,820,506
Issue of shares (net)	4,782,228	-	-	4,782,228
Loss after income tax expense for the	-	-	(4,561,319)	(4,561,319)
Options issued during the period	-	707,785	-	707,785
Other comprehensive income for the year,	-	-	-	-
Balance at 30 June 2023	16,230,949	724,869	(14,206,618)	2,479,200

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2023

		2023 \$	2022 \$
Cash Flows from Operating Activities	Note		
Payments for exploration and evaluation		(2,733,877)	(2,117,253)
Payments to suppliers and employees		(1,220,722)	(809,110)
Interest received		12,921	1,663
Grants received		440,477	256,497
Net Cash (Outflow) from Operating Activities	15	<u>(3,501,201)</u>	<u>(2,668,203)</u>
Cash Flows from Investing Activities			
Payments for plant and equipment		<u>(608,684)</u>	<u>(684,503)</u>
Net Cash (Outflow) from Investing Activities		<u>(608,684)</u>	<u>(684,503)</u>
Cash Flows from Financing Activities			
Lease repayments		(73,449)	(59,799)
Payments for capital raising costs		(147,893)	(184,394)
Proceeds from issued capital		4,875,910	3,695,900
Net Cash Inflow from Financing Activities		<u>4,654,568</u>	<u>3,451,707</u>
Net Increase in cash held		544,683	99,001
Cash and cash equivalents at the beginning of the		1,425,475	1,326,474
Cash and cash equivalents at the end of the year	5	<u>1,970,158</u>	<u>1,425,475</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2023

1. Statement of Significant Accounting Policies

These financial statements and notes represent those of QEM Limited (the "Company"). QEM Limited is a listed public Company, incorporated and domiciled in Australia. The financial statements were authorised for issue on 27 September 2023 by the directors of the Company.

BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars unless otherwise stated.

GOING CONCERN

The 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 financial year ended 30 June 2023 the Company incurred a loss of \$4,561,319 (2022: \$2,827,142). 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. This is evidenced by the the Company raising \$4,782,228 (net of costs) during the financial period, and an additional \$765,000 subsequent to year end (refer Note 20).

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.

ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

a) **Income Tax**

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability

will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

c) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring tenements, are expensed as incurred.

Expensing exploration and evaluation expenditure as incurred is irrespective of whether or not the Board believes expenditure could be recouped from either a successful development and commercial exploitation or sale of the respective assets.

d) Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

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

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

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

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

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

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

e) Impairment of Assets

At the end of each reporting date, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associate or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed. Impairment testing is performed annually for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within a 12 month period have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

EQUITY-SETTLED COMPENSATION

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black – Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

h) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the balance sheet.

i) Borrowing Costs

All borrowing costs are recognised as expense in the period in which they are incurred.

j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

I) Current and non-current classification

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

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

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

m) Revenue

Interest revenue is recognised using the effective interest method.

n) Critical Accounting Estimates and Judgments

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 Company.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

o) 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	3-10 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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.

p) Accounting Standards that are mandatorily effective for the current reporting year

The following new accounting standards and interpretations have been published that are effective for the 30 June 2023 reporting period:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

The Company has reviewed these amendments and concluded that none have a significant impact on the Company

q) New accounting standards and interpretations issued but not effective

The following new accounting standards and interpretations have been published that are not effective for the 30 June 2023 reporting period:

- AASB 17 Insurance Contracts;
- AASB 2021-2 Amendments to Australian Accounting Standards: Disclosure of Accounting Policies and Definition of Accounting Estimates;
- AASB 2020-1 Amendments to Australian Accounting Standards: Classification of Liabilities as Current or Non-current; and
- AASB 2022-6 Amendments to Australian Accounting Standards: Non-current Liabilities with Covenants.

The Company has reviewed these amendments and improvements and concluded that none will have a significant impact on the Company. The Company does not intend to early adopt any of the new standards or interpretations. It is expected that where applicable, these standards and interpretations will be adopted on each respective effective date.

2. Revenue	2023 \$	2022 \$
Interest received	12,921	272
Research and development grant	440,477	256,497
Other grants	-	-
	<u>453,398</u>	<u>256,769</u>

3. Income tax benefit/(expense)

Net loss before tax	(4,561,319)	(2,827,142)
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Income tax benefit on above at 30% (2022: 25%)	(1,368,396)	(706,786)
Increase/(decrease) in income tax due to the tax effect of:		
Non-deductible expenses	682,708	6,694
Non-assessable income	-	-
Research and development incentive	(132,143)	(64,124)
Temporary difference movements	(71,238)	-
Tax losses not recognised/(utilised)	<u>889,069</u>	<u>764,216</u>
Income tax reported in the statement of comprehensive income	<u>-</u>	<u>-</u>

4. Earnings per share	2023 Cents per Share	2022 Cents per Share
Basic/diluted loss per share	(3.46)	(2.51)

The loss and weighted average number of ordinary shares used in this calculation of basic/diluted loss per share are as follows:

	2023	2022
	\$	\$
Loss from continuing operations	(4,561,319)	(2,827,142)

	Number	Number
Weighted average number of ordinary shares for the purposes of basic/ diluted loss per share	131,963,511	112,667,441

5. Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	1,970,158	1,425,475

6. Trade and other receivables

	2023	2022
	\$	\$
<i>Current</i>		
GST receivable	72,889	184,925
Other receivable	44,666	-
	<u>117,555</u>	<u>184,925</u>

As at 30 June 2023, current trade and other receivables do not contain amounts which are past due and not impaired. It is expected that these amounts will be received when due.

7. Other assets

	2023	2022
	\$	\$
<i>Current</i>		
Prepayments	96,858	77,530
	<u>96,858</u>	<u>77,530</u>
<i>Non-current</i>		
Other Assets	19,450	19,450
	<u>19,450</u>	<u>19,450</u>

8. Trade and other payables

	2023	2022
	\$	\$
<i>Current</i>		
Trade payables and accruals	392,026	518,648

9. Leases	2023 \$	2022 \$
a) Right-of-use asset		
Balance at the beginning of the year	214,265	22,274
Additions	-	267,517
Depreciation	(91,828)	(75,526)
Balance at the end of the year	<u>122,437</u>	<u>214,265</u>
Current	91,828	91,828
Non-Current	30,609	122,437
Total	<u>122,437</u>	<u>214,265</u>
b) Lease liabilities		
Office lease	<u>140,682</u>	<u>235,333</u>
Current	104,198	94,651
Non-Current	36,484	140,682
Total	<u>140,682</u>	<u>235,333</u>

On 1 November 2021, the Company extended its office lease at 50 Appel Street, Surfers Paradise, Queensland. The lease extension runs for a further 3 years ceasing on 21 October 2024.

10. Plant and equipment	2023 \$	2022 \$
Equipment at cost	51,103	28,200
Equipment – accumulated depreciation	(11,806)	(1,679)
Plant at cost	1,189,294	695,147
Plant – accumulated depreciation	(165,942)	(4,791)
	<u>1,062,649</u>	<u>716,877</u>
Plant and equipment		
Opening balance	716,877	-
Additions	517,050	723,347
Disposals	-	-
Depreciation	(171,278)	(6,470)
	<u>1,062,649</u>	<u>716,877</u>

11. Issued capital

	2023	2022
	\$	\$
(a) Issued and paid up capital		
146,891,190 (2022: 121,630,162) Ordinary Shares	16,230,949	11,448,721

(b) Movement in ordinary shares on issue	2023	2023	2022	2022
	Number	\$	Number	\$
Balance at beginning of period	121,630,162	11,448,721	100,000,000	7,937,665
Shares issued during the year:				
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
Issue of ordinary shares 4 May 2022 (iii)	-	-	8,206,829	1,682,400
Issue of ordinary shares – 12 August 2022 (iv)	3,463,415	710,000	-	-
Issue of ordinary shares – 11 October 2022 (v)	7,322,720	1,610,998	-	-
Issue of ordinary shares – 21 October 2022 (vi)	2,727,272	600,000	-	-
Issue of ordinary shares – 26 April 2023 (vii)	248,143	44,666	-	-
Issue of ordinary shares – 27 June 2023 (viii)	11,499,478	1,954,911	-	-
Capital raising costs	-	(138,347)	-	(184,844)
Balance at end of period	146,891,190	16,230,949	121,630,162	11,448,721

- (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.
- (iii) On 4 May 2022, the Company issued 8,206,829 shares at \$0.205 to raise \$1,682,400 before costs.
- (iv) On 12 August 2022, the Company issued 3,463,415 shares at \$0.205 to raise \$710,000. These shares were issued to David Fitch following shareholder approval.
- (v) On 11 October 2022, the Company issued 7,322,720 shares at \$0.22 to raise \$1,610,998 before costs.
- (vi) On 21 October 2022, the Company issued 2,727,272 shares at \$0.22 to raise \$600,000 before costs.
- (vii) On 26 April 2023, the Company issued 248,143 shares to consultant in lieu of cash for services provided. The shares were issued at a share price equivalent to \$0.18 totalling services valued at \$44,666.
- (viii) On 27 June 2023, the Company issued 11,499,478 shares at \$0.17 to raise \$1,954,911 before costs.

(c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Capital Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The net working capital position of the Company at 30 June 2023 was a surplus of \$1,672,976 (2022: \$1,102,424) and the net increase in cash held during the year was \$544,683 (2022: decrease of \$99,001).

12. Reserves

	2023	2022
	\$	\$
Share based payment reserve	724,869	17,084
Share based payment reserve	No.#	\$
Reserve at the beginning of the year	250,000	17,084
Options issued – 12 August 2022 (i)	5,000,000	615,501
Options issued – 12 October 2022 (ii)	600,000	69,341
Options lapsed – 17 March 2023	(250,000)	-
Options issued – 27 April 2023 (iii)	250,000	22,943
Reserve at end of year	5,850,000	724,869

Options

During the period the Company issued 5,850,000 options to directors and employees in the financial year ended 30 June 2023. Details of the options granted to directors and employees are detailed below:

- (i) 5,000,000 incentive options were issued to directors on 12 August 2022. The options were issued with an exercise price of \$0.345 expiring on 12 August 2025 and vested immediately.
- (ii) 600,000 options were issued to Non-Executive Chairman Tim Wall on his deputy chair appointment on 12 October 2022. The options were issued with an exercise price of \$0.345 expiring 12 August 2025 and vested immediately.
- (iii) 250,000 incentive options were issued to employees on 27 April 2023. The options were issued with an exercise price of \$0.20 expiring 1 May 2025 and vested immediately.

Share Based Payment Expense

During the period, the company made total share based payments of \$752,451 (2022: Nil), consisting of director and employee options totalling \$707,785 (note (12i, ii, and iii)) and shares issued totalling \$44,666 (refer note 11 (vii)).

Grant Date/entitlement	Number of Instruments	Grant Date	Expiry Date	Exercise Price	Fair value per instrument \$	Value \$
Director Options	5,000,000	12/08/2022	12/08/2025	\$0.345	0.123	615,501
Chairman Options	600,000	12/10/2022	12/08/2025	\$0.345	0.115	69,341
Employee Options	250,000	27/04/2023	01/05/2025	\$0.20	0.092	22,943

Director options were calculated using the Black-scholes option pricing model with the following inputs:

	Options granted Range
Expected volatility (%)	100%
Risk free interest rate (%)	3.08%
Weighted average expected life of options (years)	3.00
Expected dividends	Nil
Option exercise price (\$)	\$0.345
Share price at grant date (\$)	\$0.225
Fair value of option (\$)	\$0.1231

Chairman options were calculated using the Black-scholes option pricing model with the following inputs:

	Options granted
	Range
Expected volatility (%)	100%
Risk free interest rate (%)	3.61%
Weighted average expected life of options (years)	2.80
Expected dividends	Nil
Option exercise price (\$)	\$0.345
Share price at grant date (\$)	\$0.22
Fair value of option (\$)	\$0.1156

Employee options were calculated using the Black-scholes option pricing model with the following inputs:

	Options granted
	Range
Expected volatility (%)	100%
Risk free interest rate (%)	3.05%
Weighted average expected life of options (years)	2.00
Expected dividends	Nil
Option exercise price (\$)	\$0.20
Share price at grant date (\$)	\$0.18
Fair value of option (\$)	\$0.092

13. Auditors' remuneration

	2023	2022
	\$	\$
Amounts, received or due and receivable by auditors for:		
- audit or review services	31,500	18,500

14. Key Management Personnel (KMP) and Related Party Transactions

(a) Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's KMP for the financial year ended 30 June 2023. The totals of remuneration paid to KMP of the Company during the year are as follows:

	2023	2022
	\$	\$
Short term	441,524	386,300
Post-employment	39,312	32,605
Share based – options	660,221	-
	1,141,057	418,905

(b) Other transactions

During the year ended 30 June 2023, the Company paid consulting fees to Daniel Harris totalling \$74,200 (2022: \$70,000). The Company also incurred fees of \$407,899 plus GST (2022: \$716,921 plus GST), to Siecap Pty Ltd for the financial year ended 30 June 2023 under the project management agreement announced to ASX on 20 April 2021. Siecap Pty Ltd is an entity in which John Henderson (resigned 9 November 2022) is a minority shareholder and maintains an advisory role.

On 3 June 2022, the Company entered into a rental agreement with CL Fitch Pty Ltd, a related party entity of David Fitch for a premises in Julia Creek. The rental agreement is for a term of 12 months and is rented to the Company for \$30,000 per annum. The Company paid CL Fitch Pty Ltd \$30,000 (exc GST) in relation to this agreement in financial year 2023 (2022: \$2,250). The Company incurred no other transactions with related parties. The Company incurred no other transactions with related parties.

15. Cash Flow Information

	2023 \$	2022 \$
(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(4,561,319)	(2,827,142)
Non cash flows:		
Finance cost on right of use asset	10,412	2,651
Depreciation on right of use asset	70,626	75,526
Depreciation on plant and equipment	171,278	6,470
Share based payments	752,451	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(67,370)	(84,242)
- (increase)/decrease in other assets	19,329	(61,578)
- increase/(decrease) in trade and other payables	103,392	220,112
	<u>(3,501,201)</u>	<u>(2,668,203)</u>

(b) Non Cash Investing & Financing Activities

There were no non-cash investing or financing activities during the year.

16. Contingent liabilities and contingent assets

It is the opinion of directors of the Company that there were no contingent assets or liabilities.

17. Financial reporting by segments

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. For management purposes, the Company has organised its operations into two reportable segments on the basis of stage of development as follows:

- Development assets; and
- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

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

During the year ended 30 June 2023, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration.

The Group is domiciled in Australia. All revenue from external customers are only generated from Australia. No revenues were derived from a single external customer.

18. Financial risk management

Overview

The Company has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Trade and other receivables

As the Company has just started operations, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

Financial assets

	2023	2022
	\$	\$
Cash and cash equivalents – AAA rated counterparties	1,970,158	1,425,475
Receivables – other	117,555	184,925
	2,087,713	1,610,400

Liquidity risk

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

The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is not currently exposed to any material interest rate risk.

Interest rate risk sensitivity analysis

The Company does not have any material exposure to interest rate risk as there were no external borrowings at 30 June 2023 (2022: nil). Any borrowings were intercompany related and unsecured and interest free and therefore there is no exposure to interest rate risk associated with these amounts. Interest bearing assets are all short term liquid assets and the only interest rate risk is the effect on interest income by movements in the interest rate. There is no other material interest rate risk.

Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value. There are no financial assets or liabilities which are required to be measured at fair value on a recurring basis.

19. 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 obligations are not provided for in the financial report.

Minimum Work Requirements

No later than 12 months
Between 1 and 5 years

2023	2022
\$	\$
334,167	290,000
145,833	600,000
<u>480,000</u>	<u>890,000</u>

20. Events Subsequent to Period End

On 24 August 2023 the Company issued 4,500,000 fully-paid ordinary shares to David Fitch at \$0.17 per share to raise \$765,000. The shares were placed as part of the 21 June 2023 capital raise and were issued after receiving shareholder approval at the general meeting held on 24 August 2023.

On 25 September 2023, the Company entered into a unsecured loan facility from Non-Executive Director David Fitch. Under the facility, the company will receive an initial A\$1 million tranche of funding and the ability to call for an additional A\$1 million at the election of QEM at any time in the period 6 months after commencement of the Facility. The Facility bears an interest rate of 10.0% per annum on the drawn amounts that is payable at maturity (12 months). QEM may at its election at any time up to the date that is 9 months after the commencement of the Facility, repay the amount owing under the Facility (in whole or in part) by way of the issue of shares in QEM (subject to shareholder approval first being obtained).

No other matters or circumstances 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 years.

Directors' Declaration for the year ended 30 June 2023

The directors of the Company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the Company's financial position as at 30 June 2023 and its performance for the year ended on that date; and
 - c) are in accordance with International Financial Reporting Standards, as stated in note 1 to the financial statements; and
2. the Managing Director and Company Secretary have each declared that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view;
3. 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 signed in accordance with a resolution of the Board of Directors.



Gavin Loyden
Managing Director
27 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QEM LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of QEM Limited ("the Company"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of \$4,561,319 during the year ended 30 June 2023. 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 opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Exploration Expenditure During the year, the Company incurred exploration expenses of \$2,639,248. Exploration expenditure is a key audit matter due to the significance to the Company's statement of profit or loss and other comprehensive income.	Our procedures included, amongst others: • Testing exploration expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the Company's accounting policy and the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>; and • Assessing the Company's rights to tenure by corroborating to government registries.
Share Based Payments – \$752,451 During the year the Company issued options to Directors and employees. Share-based payments are considered to be a key audit matter due to: • The significance of the transactions to the Company's financial position and performance; and • The level of judgement required in evaluating management's application of the requirements of AASB 2 <i>Share-based Payment</i> ("AASB 2").	Our procedures included but were not limited to: • Analysed contractual arrangements to identify key terms and conditions of the share-based payments and relevant vesting conditions in accordance with AASB 2; • Evaluated management's valuation methods and assessed the assumptions and inputs used; • Assessed the amount recognised during the period against relevant vesting conditions; and • Examination of the disclosures made in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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


HALL CHADWICK WA AUDIT PTY LTD


MARK DELAURENTIS CA
Director

Dated this 27th day of September 2023
Perth, Western Australia

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 25 September 2023.

1. Shareholder and Option holder information

a. Number of Shareholders and Option Holders

Shares

As at 25 September 2023, there were 1,427 shareholders holding 151,391,712 fully paid ordinary shares.

Options

As at 25 September 2023, there are 6 option holders holding 5,600,000 unlisted options exercisable at \$0.345 on or before 12 August 2025, and 1 option holder holding 250,000 unlisted options exercisable at \$0.20 expiring 1 May 2025.

b. Distribution of Equity Securities

Fully paid ordinary shares Category (size of holding)	Number (as at 25 September 2023)	
	Shareholders	Ordinary Shares
1 – 1,000	40	6,981
1,001 – 5,000	465	1,579,711
5,001 – 10,000	308	2,433,483
10,001 – 100,000	499	18,377,992
100,001 – and over	115	128,993,545
	<u>1,427</u>	<u>151,391,712</u>

As at 25 September 2023 there were no number of shareholdings that were held in less than marketable parcels.

c. The names of substantial shareholders listed in the company's register as at 25 September 2023 are:

Shareholder	Ordinary Shares	%Held of Total Ordinary Shares
David Fitch	43,440,477	28.69%
Gavin & Tracey Loyden	20,654,936	13.64%

d. Voting Rights

The voting rights attached to the ordinary shares are as follows:

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders as at 25 September 2023 – Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	David Fitch Group	43,440,477	28.69%
2	Gavin Loyden Group	20,654,936	13.64%
3	STONE GROUP PTY LTD <THE STONE GROUP DISC A/C>	7,064,643	4.67%
4	MR QILIAN GU	4,051,525	2.68%
5	CITYMETRO PTY LTD	3,875,143	2.56%
	<BILL MCHARG FAMILY A/C>		
6	ML FITCH NOMINEES PTY LTD	3,325,179	2.20%
	<MATHEW FITCH FAMILY A/C>		
7	EVOLUTION HUB PTY LTD	3,206,617	2.12%
8	PARADISE MARINE PTY LTD	3,000,000	1.98%
	<JAMES SUPER FUND A/C>		
9	SKIPTRAK PTY LTD	2,266,438	1.50%
10	MR MICHAEL MYLES FORD & MRS ELIZABETH FORD	2,049,481	1.35%
	<BIRKBECK STAFF RETIREME A/C>		
11	TRAFALGAR HOUSE PTY LTD	1,798,946	1.19%
	<HW MCKENZIE-MCHARG S/F A/C>		
12	P & L DEMPSEY SMSF PTY LTD	1,650,000	1.09%
	<P & L DEMPSEY SMSF A/C>		
13	CRAV PTY LTD	1,600,000	1.06%
	<CRAV SUPER FUND A/C>		
14	ZARMAD PTY LTD	1,495,126	0.99%
	<FREUND FAMILY A/C>		
15	MT DAVIES INVESTMENTS PTY LTD	1,473,118	0.97%
	<MG & TJ DAVIES FAMILY A/C>		
16	CG DAVIES INVESTMENTS PTY LTD	1,473,118	0.97%
	<COL DAVIES FAMILY A/C>		
17	DAVGOE INVESTMENTS PTY LTD	1,473,118	0.97%
	<DAVGOE FAMILY A/C>		
18	NETWEALTH INVESTMENTS LIMITED	1,031,149	0.68%
	<WRAP SERVICES A/C>		
19	VLADORA PTY LIMITED	1,000,000	0.66%
	<THE 18 GRAFTON ST S/F A/C>		
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	922,856	0.61%
		106,851,870	70.58%

2. The name of the company secretary is David Palumbo.
3. The address of the principal registered office in Australia is:
Level 8, 216 St Georges Terrace Perth WA 6000
4. Registers of securities are held at the following address:
Automic Registry Services, Level 2, 267 St Georges Terrace, PERTH WA 6000
5. Stock Exchange Listing:
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.
6. Restricted Securities:
The Company currently has no restricted securities held in Escrow.

SCHEDULE OF MINERAL TENEMENTS

<i>Project</i>	<i>Tenement</i>	<i>Interest held by QEM Limited</i>
Julia Creek	EPM 25662	100%
Julia Creek	EPM 25681	100%
Julia Creek	EPM 26429	100%
Julia Creek	EPM 27057	100%