

ASX RELEASE
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Execution of R&D Facility Agreement to Accelerate Work Programs

Highlights

- **Metamor Capital Partners to provide R&D Loan Facility of AUD 1m**
- **Facility will provide additional working capital that will allow QPM to accelerate ongoing technical work programs for TECH Project and start the Definitive Feasibility Study**
- **Piloting and other technical work progressing well**

Queensland Pacific Metals Ltd (ASX:QPM) (“**QPM**” or “the **Company**”) is pleased to announce that it has secured an AUD 1m R&D Loan Facility with Metamor Capital Partners (“**Metamor**”).

Technical Work Program Update

QPM’s technical work program continues to progress well. Central to this work program are pilot plant activities. Under the leadership of ALS Global’s team of engineers and metallurgists, pilot plant operation resumed on 24 January 2021. Since then, the pilot plant has been operating and MHP production is underway. Importantly, the process flowsheet continues to be validated. The original plan was for a 10-day continuous run. However, this will now be extended to allow for more product to be produced to meet sample demand requirements of potential offtakers and ensure there is sufficient product leftover for refining testwork.

QPM confirms that the COVID-19 lockdown restrictions imposed in Perth have caused minimal disruption to the operation of the pilot plant. QPM looks forward to providing the results of its pilot plant operation after completion of the run.



Figure: Mixed Hydroxide Precipitate produced from December pilot plant (currently being refined into battery grade nickel sulfate).



One of the key environmental benefits of the TECH Project is that there is no requirement for a tailings dam. Not only does this reduce capital and operating costs, but it ensures that the project's environmental footprint is minimised. After extraction of all valuable metals from the laterite ore, the remaining residue is inert material. Piloting activities have generated residue that has been transported to James Cook University in Townsville, where an assessment of this residue will be made to see if it has the potential to be used for other commercial purposes such as engineered landfill. Success will see the TECH Project have zero solid discharge, improving its sustainability credentials and attractiveness to offtakers.



Figure: Leach residue for evaluation as engineered landfill

Outside of piloting, QPM has been progressing opportunities which further reduce capital and operating expenditure for the TECH Project. Some of these options require testwork for further evaluation during the Definitive Feasibility Study. The Metamor loan facility will provide additional working capital that gives QPM the confidence to accelerate work relating to these options so they can be evaluated without incurring delays.

Provision of R&D Loan Facility

As was the case in the previous financial year, QPM has entered into a facility agreement with Metamor for the provision of a short term loan. The loan is based on QPM's forecast return as part of the Federal Government's Research and Development Tax Incentive.

In the financial year to date, the majority of QPM's technical work expenditure for the TECH Project is deemed eligible expenditure under the Australian R&D Tax Incentive.

The key terms of the Metamor facility are:

- AUD 1m facility, immediately drawn down;
- Standard form cash loan with no conversion options;
- Repayable by the earlier of the receipt of QPM's tax return for the 30 June 2021 financial



year or 15 November 2021;

- Interest rate of 12.5%, which is a reduction from the previous loan from last financial year;
- Metamor can terminate in the event of default by QPM (breach of material provision, insolvency event or other materially adverse event occurring); and
- Secured against the assets of QPM.

This announcement has been authorised for release by the Board.

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