

ASX RELEASE  
22 February 2021

## Strong Offtake Interest Drives Major Expansion of TECH Project

### Highlights

- QPM formally commits to increasing the scale of the TECH Project to at least 2x the Pre-Feasibility Study project size
- QPM decision based on assessment of key project considerations including market demand, ore supply, environmental approvals, infrastructure and supply of consumables
- A larger TECH project will have lower capital intensity and higher margins
- Final sizing to be determined by Definitive Feasibility Study. Process has commenced to appoint a lead Engineering company
- Targeting first production in 2023
- DNi Process™ License has been finalised with Altilium Group, facilitating TECH Project expansion

Queensland Pacific Metals Ltd (ASX:QPM) (“QPM” or “the Company”) is pleased to announce that it has formally committed to increase the scale of the TECH Project by at least two times from what was originally contemplated in the Pre-Feasibility Study (“PFS”).

### 1.2+M wet tpa TECH Project

Initial consideration of increasing the scale of the TECH Project from the PFS size (0.6M wet tpa) was driven by discussions with potential offtakers and the respective Memorandums of Understanding signed with LG Chem and Samsung SDI. From these discussions, it was evident to QPM that increasing production of key battery metals nickel and cobalt would increase the appeal of the TECH Project to offtakers.

The increase in size will also allow QPM to benefit from large economies of scale, which will improve the capital efficiency and project economics of the TECH Project.

When considering the size of the TECH Project, QPM wanted to ensure that the associated capital expenditure was still manageable from a financing perspective. Other key project considerations included:

- Ore supply;
- Environmental approvals process;
- Infrastructure capacity and constraints; and
- Supply of consumables.

**The TECH Project will be scaled up to process 1.2 - 1.5M wet tpa ore, with the final sizing to be determined by the Definitive Feasibility Study.**

## Ore Supply

QPM currently has an ore supply agreement with Societe des Mines de la Tontouta (“**SMT**”) and Societe Miniere Georges Montagnat S.A.R.L (“**SMGM**”) for 0.6M wet tpa over a 10 year period with a 5 year option on agreement (refer to ASX announcement 16 October 2019).

QPM has been assessing additional ore supply opportunities, including from its own Sewa Bay project. QPM is confident that it can secure the additional ore supply required to feed the larger scale TECH Project. The limonite ore (the “top half” of nickel laterite ore bodies) being targeted by QPM has limited processing options apart from the problematic high pressure acid leach technology. Therefore, resources are generally well in excess of demand.

## Environmental Approvals

Environmental consultants EMM Consulting commenced approvals work late 2020 on the basis of the 1.2-1.5M wet tpa TECH Project size. Based on EMM’s advice and discussions with key regulatory bodies, there was no material difference with respect to timing for obtaining project approvals at this scale. Environmental approvals remain on track for the December 2021 quarter.

## Infrastructure Capacity and Constraints

QPM assessed key infrastructure required to support the project, with logistics playing an important role. Port capacity for ore importation and product exports has been confirmed with the Port of Townsville Limited (“**POTL**”) and a MOU with POTL was recently executed (Refer to ASX announcement 16 February 2021).

Both road and rail remain viable transport options for the TECH Project linking the Port of Townsville to the Lansdown Eco-Industrial Precinct.

## Consumables

QPM is confident of procuring the higher levels of gas and power required for the larger scale project. The increased level of consumption may improve supply opportunities for QPM as it becomes a bigger baseload customer.

Because of process flowsheet improvements, water consumption is likely to reduce compared with the PFS estimate, despite the increased scale.

Other opportunities such as on-site co-generation of power and steam, which is a required input for the processing plant, may now be financially attractive and will be explored as part of the DFS.

## Project Schedule

With the finalisation of the scale of the TECH Project and advancement in project approvals and technical work streams, QPM has prepared an updated project schedule as shown below. First production is targeted for 2023.

The plant design remains a single leaching train flowsheet and so construction time is unaffected by the doubling of production capacity.



	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23			
<b>Base Case</b>																																							
Pilot plant activities																																							
Project approvals																																							
Definitive Feasibility Study																																							
FEED (detailed design)																																							
Funding																																							
Construction																																							
Production																																							

## Finalisation of DNi Process™ License with Altilium Group

QPM's license arrangement was previously governed by a Framework Agreement. As part of the Framework Agreement, QPM and Altilium Group ("**Altilium**") were to execute a definitive agreement for licensing of the DNi Process™ (refer to ASX announcement 22 October 2018).

QPM and Altilium have now finalised the definitive agreement. The key terms include:

- 30 year term;
- Exclusive rights to utilise the DNi Process™ within a 100km radius of the Port of Townsville;
- Ongoing fees for the exclusivity rights and use of the of the DNi Process™ on terms that are commercial in confidence, but are in line with assumptions utilised in the Pre-Feasibility Study.

QPM CEO Stephen Grocott commented,

*"We continue to clear obstacles and create value-add opportunities. The work over the last few months has created an even more attractive and optimal development path. We look forward to undertaking the DFS and putting together the required commercial arrangements that we need to make the TECH Project a reality. 2021 is shaping up as a busy and exciting year for QPM and its shareholders"*

***This announcement has been authorised for release by the Board.***

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