

ASX RELEASE
1 April 2021

MOU for Additional Ore Supply

Highlights

- Memorandum of Understanding regarding ore supply executed with Societe Le Nickel – SLN (“SLN”), a subsidiary of Eramet group.
- QPM and SLN agree to negotiate in good faith for an ore supply agreement for approximately 800,000wmt per annum commencing 2023
- Ore specification in line with QPM’s requirements for the TECH Project (1.45 – 1.70% Ni and 0.15 – 0.25% Co)

Queensland Pacific Metals Ltd (ASX:QPM) (“QPM” or “the Company”) is pleased to announce that it has entered into a non-binding Memorandum of Understanding (“MOU”) with Societe Le Nickel – SLN (“SLN”), a subsidiary of Eramet group regarding the supply of laterite ore for the TECH Project.

Details of the MOU

Currently, the majority of global nickel ore trade is for saprolite ore, which sits in the lower section of a nickel laterite ore body. Saprolite ore is relatively low in iron and high in magnesium, making it suitable for ferronickel plants that produce nickel pig iron for the stainless steel industry.

QPM is targeting limonite and transition zone ore, which sits above the saprolite zone and must be mined to access to saprolite. As there is a limited market for limonite ore, it is often stockpiled or returned to the ground as waste, both of which are costly exercises.

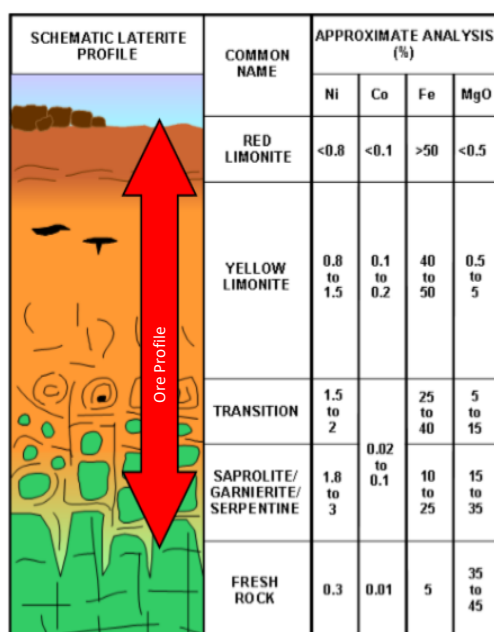


Figure: Typical nickel laterite ore profile



SLN is interested in selling limonite and transition zone ore to QPM. The key terms of the MOU are:

- SLN will seek to obtain the necessary regulatory approvals it requires to make the sales;
- QPM and SLN agree to negotiate in good faith a binding ore supply agreement for approximately 800,000 wet metric tonnes of ore from New Caledonia per annum;
- Supply to start in 2023; and
- QPM and SLN will work together to evaluate a nickel ore specification that is beneficial to both parties, but indicatively will be in the range of 1.45 – 1.7% Ni and 0.15 – 0.25% Co.

About SLN

SLN is the world's number 1 producer of ferronickel and has multiple mine sites in New Caledonia with operations dating back to 1880. SLN's mining techniques have been devised to protect the environment, which fits with the sustainability principals of QPM and the TECH Project.

SLN's parent company Eramet is listed on the Euronext Paris exchange.

QPM CEO Stephen Grocott commented,

"We look forward to working with SLN to consummate an ore supply agreement which will underpin the ore supply required to support the TECH project at the 1.2 – 1.5Mtpa scale."

This announcement has been authorised for release by the Board.

For more information, please contact:

Stephen Grocott
Managing Director
info@qpmetals.com.au
+61 (0) 409 417 326

John Downie
Executive Director
info@qpmetals.com.au
+61 (0) 408 329 262

Luke Forrestal
Media Enquiries
Luke.forrestal@mcpartners.com.au
+61 (0) 411 479144
+61 (0) 409 417 326

