

Ore Supply Agreement Executed with SLN

Highlights

- ✓ **Binding ore supply agreement entered into with Societe Le Nickel, a subsidiary of Eramet group, for up to 1,000,000 wmt per annum.**
- ✓ **Targeting a typical limonite ore specification of 1.6% Ni and 0.18% Co.**
- ✓ **Five year ore supply term with five year extension, subject to mutual agreement.**
- ✓ **The purchase of limonite ore by QPM is mutually beneficial as there are limited consumers of pure limonite ore globally.**
- ✓ **QPM's TECH Project offers a long term solution to processing limonite- New Caledonia has large quantities of in-situ limonite which needs a processing solution.**
- ✓ **SLN and QPM have also agreed to continue to explore other partnership opportunities regarding additional ore supply and potential TECH Project participation.**

Queensland Pacific Metals Ltd (**ASX:QPM**) ("**QPM**" or "**the Company**") is pleased to announce that it has entered into a binding ore supply agreement ("**Agreement**") with Société Le Nickel ("**SLN**"),

On Tuesday 15 February 2022, a press conference in New Caledonia was held by the President of New Caledonia, Louis Mapou, and SLN. At the press conference, it was announced that the Government of New Caledonia had approved an increase in the annual nickel ore export quota of SLN. This increase includes the supply of up to 1,000,000 wet metric tonnes ("**wmt**") of nickel ore per annum to QPM. The approval is valid through to 2029, in line with SLN's existing export approvals that are currently in place.

The execution of the Agreement and New Caledonian Government approval follows on from the Memorandum of Understanding ("**MOU**") entered into between SLN and QPM in April 2021. That MOU contemplated ore supply of 800,000 wmt per annum. QPM is delighted to achieve an outcome that secures a greater level of tonnage.

Key Terms

The key terms of the Agreement are detailed in the table below:

Area	Terms
Term	Five year ore supply term with five year extension, subject to mutual agreement
Tonnage	Up to 1,000,000 wmt per annum, ramping up in line with the TECH Project
Specification	Limonite ore 1.4 – 1.7% Ni (typical 1.6%) 0.1 – 0.25% Co (typical 0.18%) 30.0 – 47.5% Fe (typical 42%) 1.5 – 8.0% MgO (typical 2%) 2.0 – 9.0% Al ₂ O ₃ (typical 3%) 28.0 – 40.0% moisture (typical 33%)
Pricing	Commercial in confidence, linked to underlying price of Ni (LME exchange) and Co (Metal Bulletin) on an FOB basis
Source	Multiple mining operations
Termination	Typical termination clauses including Force Majeure, material breach and insolvency.
Conditions	QPM making a final investment decision to build the TECH Project.

As part of the Agreement, SLN and QPM have also agreed to explore other partnership opportunities regarding additional ore supply and potential TECH Project participation.

Whilst the DNi Process™ can treat the entire laterite ore profile, QPM is targeting the purchase of limonite ore. The global seaborne nickel ore trade is almost exclusively saprolite ore, which sits below the limonite ore body layer. The saprolite is used to produce nickel pig iron and ferronickel operations and can't be easily, cheaply or sustainably converted into battery grade nickel and cobalt sulfate for lithium-ion batteries. Saprolite ore miners either avoid areas with a high proportion of limonite, or have to mine through the limonite and either stockpile or treat it as overburden, creating significant inefficiencies. By exclusively purchasing limonite ore, QPM delivers a strategic benefit to any counterparty it deals with.

QPM Managing Director Dr Stephen Grocott commented,

“I am delighted to enter into this agreement with SLN who operate world class mines in New Caledonia. I believe this is just the start of a long term relationship that will be very beneficial to both companies. This milestone is a further significant de-risking event for QPM and the TECH project.

I would also like to thank the Government of New Caledonia for their support of the TECH Project in granting this export approval to SLN. New Caledonia, and the world, is awash with limonite resources that remain undeveloped – the successful commercialisation of the TECH Project will be a game changer for these deposits and their ability to form part of global, sustainable nickel production.”



Figure: Guillaume Verschaeve SLN Chief Executive Officer (top), Corinne Bufnoir QPM New Caledonia GM and Stephen Grocott QPM Managing Director (bottom)

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.

This announcement has been authorised for release by the Board.



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