March 2023 Quarterly Report

Highlights

✓ **Strong progress on debt financing:**

- **>$1.4 billion in conditional, indicative commitments from financiers; and**
- **Technical due diligence from Independent Technical Expert RPM Global ("ITE") advancing.**

✓ **Significant de-risking of gas supply chain:**

- **Acquisition of Moranbah Project; and**
- **Strategic Partnership formed with Carbon Logica regarding development of carbon abatement projects in the Northern Bowen Basin ("NBB").**

✓ **Ongoing advancement on the TECH Project technical workstreams, targeting requirements of ITE to secure debt financing:**

- **RPM Global progressing through technical due diligence;**
- **QPM, Hatch and key equipment suppliers progressing through further engineering and testwork which is over and above a typical DFS in order to satisfy ITE and also secure performance guarantees from suppliers; and**
- **Commercial negotiations on key equipment supply contracts taking place.**

✓ **Significant Investment Project status received under Significant Investment Facilitation program from Queensland Government**

✓ **Ore supply agreement signed with Société Minière Georges Montagnat ("SMGM"), adding further diversification to ore suppliers.**

Queensland Pacific Metals Ltd (**ASX:QPM**) ("**QPM**" or "the **Company**") is pleased to present a summary of activities from the March 2023 quarter.

Funding Progress

During the quarter, QPM and its advisors KPMG continued to make significant progress on the debt funding process. From the lending agencies which QPM has targeted, it has now received in excess of $1.4 billion in indicative and conditional funding.

The table below summarises the progress QPM has made to date:

Financier	Potential Debt Commitment (A$)	Comments
Export Finance Australia	$250m	• MOU in place with K-SURE regarding joint financing of Australian projects.
Northern Australia Infrastructure Factiliy	Up to $250m	• NAIF continues to progress Due Diligence matters
Export Development Canada	$400m	• Refreshed Letter of Interest on the basis of expected Canadian Contracts
Euler Hermes	$500m	• Refreshed Letter of interest received
KfW IPEX	$357m	• US$250m @ A$/US$0.70 = A$357m • On a typical "sweet/sour" ratio of 80/20% non covered ECA financing would be A$70m
Korea Trade Insurance Corporation ("K-SURE")	To be confirmed	• Letter of interest received • MOU in place with EFA
Other Commercial Banks	To be confirmed	• Letters of interest received from other 10 commercial banks from Australia and international

Figure: Debt progress from financiers

A number of independent consultants have been appointed to undertake various workstreams for potential debt financiers. These are:

- RPM Global ("**RPM**") – Independent Technical Expert ("**ITE**") undertaking all technical due diligence relating to QPM and the TECH Project;
- CRU Group – undertaking commodity market analysis for key commodities nickel, cobalt and high purity alumina ("**HPA**");
- Ramboll – ESG due diligence; and
- AEC – public benefits assessment as required by government lenders and stakeholders.

The most extensive due diligence being undertaken relates to RPM Global's program and the technical due diligence includes engineering, testwork, operations, approvals, ore supply and safety. RPM's previous involvement in undertaking due diligence for LG Energy Solutions, POSCO and another third party provides it with a strong base to perform the ITE role.

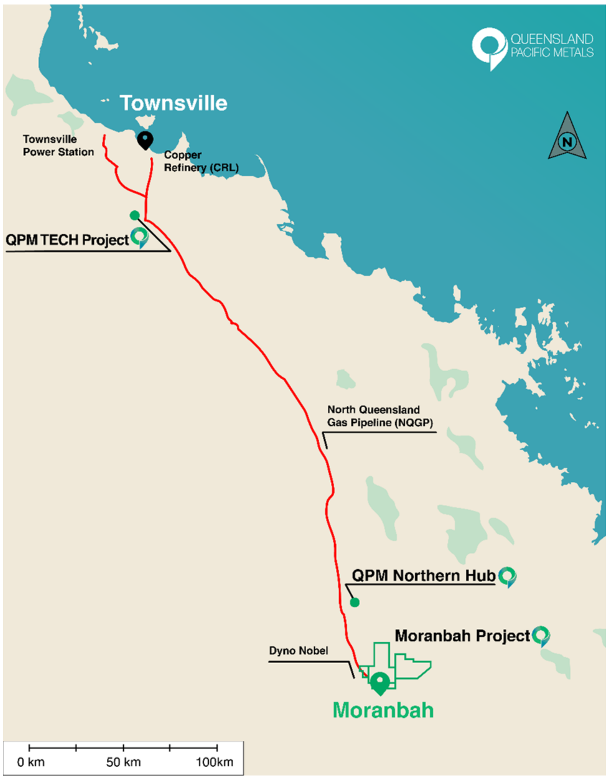
QPM has held discussions with RPM to gain an understanding of what it requires to provide 'technical sign off' on the TECH Project. Technical workstreams for the TECH Project have been tailored to meet RPM's requirements.

Currently QPM is targeting for debt financiers to obtain internal credit approval in the December quarter of 2023.

Energy Supply Chain

In early April, QPM announced that wholly owned subsidiaries of QPM and QPM Energy Pty Ltd ("**QPME**"), had entered into a conditional agreement to acquire 100% of assets from the Moranbah Gas Project and North Queensland Energy Joint Venture ("**NQE**") (collectively the "**Moranbah Project**") (the "**Transaction**") from the Arrow Energy Group and AGL Energy Ltd (the "**Sellers**").

The Transaction represents a game-changer for QPM and the TECH Project, significantly de-risking gas supply whilst simultaneously transforming QPM into a revenue generating group.



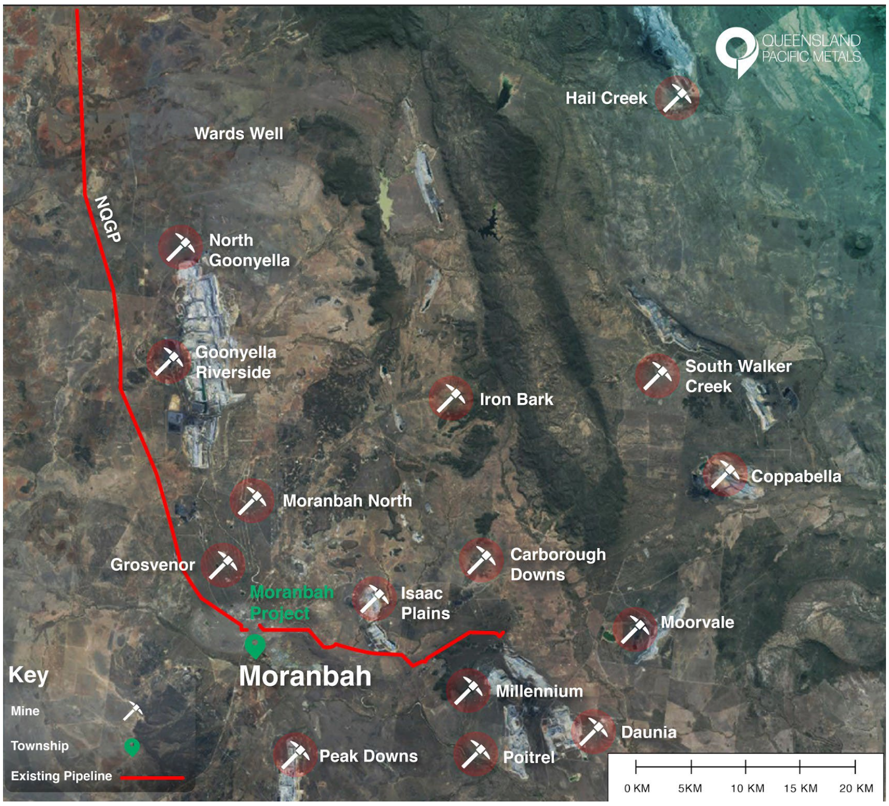


Figure: Moranbah Project location

The Moranbah Project is located in the Northern Bowen Basin ("**NBB**") and has been in production since 2004. The Project encompasses:

- Independently certified 2P Reserves of 240 PJ and 2C Resources of 269 PJ. 74% of these reserves are located within active mining leases;
- Approximately 100 producing wells and associated gas gathering and water management infrastructure supplying a centralised gas processing and compression facility connected to the North Queensland Gas Pipeline ("**NQGP**"), which runs adjacent to the TECH Project;
- Direct connections to five operating metallurgical coal mines for capture and processing of mine waste gas, with the ability to quickly connect additional NBB mines. The Project will therefore directly reduce carbon emissions from these sites;
- Historical development capital expenditure exceeding $1.0 billion;
- Infrastructure with the capacity to supply up to 30 PJ gas per annum to end users. Current production is approximately 10 PJ per annum of which 7 PJ per annum is sold to Incitec Pivot (ASX:IPL) subsidiary Dyno Nobel Moranbah's Ammonium Nitrate Plant under an existing Gas Supply Agreement ("**GSA**");
- Gas Transport Agreement ("**GTA**") with NQGP for gas transportation and storage from the Moranbah Project to Townsville. The NQGP has the capacity to transport up to 39 PJ per annum; and
- Power Purchase Agreement ("**PPA**") with the 242 MW Townsville Power Station (owned by Ratch Australia) for 100% capacity rights to toll gas and generate revenue by producing electricity for sale into the National Electricity Market ("**NEM**").

Key terms of the transaction are detailed in the table below:

Area	Transaction Terms
Acquisition	Wholly-owned subsidiaries of QPM Energy (**QPM Energy**) will acquire 100% of the Moranbah Project assets.
Consideration	QPME will **PAY** $5 million to the Sellers as consideration for the Moranbah Project assets.
Make Good Payment to QPM	QPME will **RECEIVE** $35 million from the Sellers for assuming obligations to supply gas under the Moranbah Project contracts.
Inventory	QPME will acquire Moranbah Project warehouse inventory.
Environmental Bond	QPME will be required to lodge environmental securities for estimated rehabilitation costs which are currently calculated as $25.2m, to replace the Sellers' existing environmental scheme contributions/securities. QPME is engaging with the Queensland Government concerning how QPM will be assessed under the Financial Provisioning Scheme guidelines. QPME's environmental bonding requirements are determined when the Petroleum Leases are transferred.
Conditions	The completion of the Asset Sale Agreement (ASA) is subject to a number of customary conditions precedent for a transaction of this nature, including obtaining indicative approval from the Minister to the transfer of Petroleum Titles, the provision of replacement rehabilitation security for the Environmental Authorities and securing the approval of the counterparties (including from Dyno Nobel) to the novation or assignment of certain material contracts.
Target Completion Date	June/July 2023

In the June quarter, QPM will undertake a number of key workstreams relating to the Moranbah Project including:

- Working with Queensland government to achieve transfer of Petroleum Titles to QPME;
- Working with Dyno Nobel, Palisade and Ratch in relation to novation of material contracts;
- Integration of the business into QPM;
- Identification of opportunities to increase production and productivity and reduce operating costs;
- Planning for implementation of work programs to facilitate opportunities identified; and
- Discussions with regional coal mines to capture current and additional waste gas for processing through the Moranbah Project infrastructure.

The value of the acquisition of the Moranbah Project has been greatly enhanced by recent Federal Government reforms to the Safeguard Mechanism. The Safeguard Mechanism is the Federal Government's key policy with regards to carbon emission reductions and reaching net zero emissions. The key highlights of the reforms are:

- The Safeguard Mechanism applies to Australia's 215 largest carbon emitters. These carbon emitters are known as Safeguard Facilities and each emit in excess of 100,000t of carbon per annum;
- The NBB contains 27 Safeguard Facilities, all of which are coal mines;
- The Safeguard Mechanism will set a new Carbon Emissions Baseline for each of these Safeguard Facilities as of 1 July 2023;
- Safeguard Facilities must reduce their carbon emissions by 4.9% per annum from their Baseline;
- Coal and gas projects can't buy carbon credits to offset their emissions; and
- There are significant financial penalties for not meeting Baseline targets each year.

The majority of carbon emissions from coal mines relates to flaring or venting of gas. The Safeguard Mechanism reforms will greatly incentivise coal miners to reduce waste gas and ultimately reduce their emissions (carbon abatement). Use of gas by MGP and the TECH Project represent the only significant opportunity to reduce their emissions.

During the quarter, QPME also entered into a Strategic Partnership with Carbon Logica, a private company owned by Xcoal and Helmont, which was established to provide carbon abatement services to the resource industry. QPME and Carbon Logica intend to work together to accelerate development of carbon abatement projects in the NBB.

TECH Project

As previously mentioned, focus on workstreams for the TECH Project has been based on meeting the requirements of RPM Global. This includes:

- Engineering work sufficient to demonstrate a CapEx accuracy of +/-15% or better;
- Revision of capital pricing so that it is current ahead of debt approval;
- Testwork to support design and procurement of key equipment for iron hydrolysis, aluminium

precipitation, hydroxide precipitation and solid – liquid separation;

- Hazard and Operability ("**HAZOPs**");
- Critical Management Plans including Project Execution Strategy, Engineering Management Plan, Construction Management Plan, Commissioning Management Plan and Operations Plan
- Detailed execution schedule; and
- Advancing the engineering to 'issue for tender' status for some areas of the plant.

QPM's key suppliers including KBR Plinke, KBR Weatherly, Andritz and SENET are continuing to work closely with QPM and Hatch on the engineering and testwork to meet RPM's requirements. Furthermore, QPM has engaged Monadelphous Group to assist in construction strategy and schedule.

Key commercial discussions are also advancing in relation to material contracts for the TECH Project. This includes:

- Equipment supply contracts;
- Construction and installation contract;
- Stevedoring, ore warehousing and logistics contract.

To demonstrate their commitment to the project, Germany suppliers KBR Plinke, Andritz and Siemens have entered into a Collaboration Agreement with QPM. As part of the Collaboration Agreement, QPM and the German Suppliers will:

- collaborate to advance the TECH Project for the mutual benefit of all parties;
- collaborate to ensure that proposed equipment to be supplied will be designed and constructed to meet the requirements of the TECH Project;
- work towards providing performance guarantees for their equipment; and
- identify the quickest pathway through to construction and commercial production.

Figure: Representatives from Plinke, Andritz, Siemens and QPM

At Lansdown, TCC made significant progress on construction of a sealed road that will facilitate heavy vehicle / equipment movement into QPM's site. Expected completion is around April / May. Subject to completion and receipt of early work permits, QPM intends to commence preliminary site works including civils and fencing. Getting the site 'construction ready' during the Townsville dry season will be positive.

Political Engagement

Two significant announcements were made by the Queensland Government during the quarter.

Firstly, the Lansdown Eco-Industrial Precinct was declared a Prescribed Project, the same status which the TECH Project also has. A Prescribed Project is one which is of significance, particularly economically and socially, to Queensland or a region.

Declaring a prescribed project increases the Coordinator-General's powers to ensure timely decision-making in relation to prescribed processes and prescribed decisions.

This announcement by the Queensland Government demonstrates the importance of the TECH Project and Lansdown to Queensland. The involvement of the Coordinator-General will help to de-risk the delivery supporting infrastructure such was water and roads for the Lansdown precinct.

Secondly, QPM and the TECH Project was awarded Significant Investment Project ("**SIP**") status under the newly launched Significant Investment Facilitation ("**SIF**") program.

The SIF program has been established by the Queensland Government to support projects of economic significance to the State. The SIF aims to ensure such projects are provided with the necessary support from government to facilitate prospective investment in Queensland. The SIF is overseen by a steering committee of key executives in relevant state agencies, who become the key point of contact for proponents of significant projects.

Under the SIF program, to determine economic significance to the State, consideration is given to alignment with contemporary government policy initiatives, potential economic benefit to Queensland, investment readiness and project feasibility and capacity of the proponent.

Designation of the SIP status brings the benefit of elevated government attention, tailored support and cross-agency focus on matters that, if resolved, could secure investment in the TECH Project.

Ore Supply

During the quarter, QPM signed an ore supply agreement with Société Minière Georges Montagnat ("**SMGM**"). Subsequent to quarter end, an ore supply agreement was also signed with Maï Kouaoua Mines ("**MKM**").

Combined with existing ore supply agreements with Société Le Nickel ("**SLN**") and Société des Mines de la Tontouta ("**SMT**"), QPM now has up to 2.1m wmt per annum of laterite ore contracted under binding ore supply agreements. This provides flexibility and coverage for the nameplate capacity for stage 1 of the TECH Project, being 1.6m wmt per annum.

QPM now has agreements with four mining companies in New Caledonia. This strengthens QPM's relationship with the country, de-risking long term ore supply. The diversification of supply will also provide additional comfort for financiers.

High Purity Alumina Update

Construction of the Lava Blue demonstration plant significantly advanced during the quarter and commissioning of various parts of the plant is commencing. The first run of the demonstration plant is expected to commence in the June quarter.

Cash and Corporate

Cash at the end of the quarter was $34.5m.

Additional ASX Information

ASX Listing Rule 5.3.1: Exploration and Evaluation during the quarter was $8.1m. The majority of this was spent on the Company’s TECH Project.

ASX Listing Rule 5.3.2: There were no substantive mining production and development activities during the quarter.

Tenement Table: ASX Listing Rule 5.3.3: Tenements currently held by QPM as at 31 March 2023 are detailed in the table below.

TENEMENT ID	STATUS	APPLIC DATE	GRANTED DATE	EXPIRY DATE	HOLDING	NAME	REGISTERED CO.
EL 1761	Renewal application submitted and pending approval	11 Mar 2020	18 Sep 2020	12-Mar-22	100%	Sewa Bay	Queensland Pacific Metals Ltd

ASX Listing Rule 5.3.5:

RELATED PARTY	AMOUNT	DESCRIPTION
Directors and CEO	$226,335	Director and consulting fees paid to Directors and/or Director related entities

This announcement has been authorised for release by Stephen Grocott.

QUEENSLAND PACIFIC METALS

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FORWARD LOOKING STATEMENT Statements & material contained in this ASX Release, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of QPM, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events & expectations and, as such, involve known and unknown risks & uncertainties. Although reasonable care has been taken to ensure facts stated in this Release are accurate and/or that the opinions expressed are fair & reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results & developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this Release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Queensland Pacific Metals Limited

ABN	Quarter ended ("current quarter")
61 125 368 658	31 March 2023

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(8,097)	(31,704)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(1,673)	(4,838)
	(e) administration and corporate costs	(1,966)	(4,519)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	97	245
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	10,187
1.8	Other (provide details if material)	1,249	3,032
1.9	**Net cash from / (used in) operating activities**	(10,390)	(27,597)

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(162)	(190)
	(d) exploration & evaluation	(10)	(59)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(172)**	**(249)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	32,085
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	243
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(585)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(38)	(110)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(38)**	**31,633**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	45,117	31,383
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(10,390)	(27,598)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(172)	(249)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(38)	31,634

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	37	(617)
4.6	**Cash and cash equivalents at end of period**	**34,554**	**34,554**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	34,554	45,117
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**34,554**	**45,117**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	227
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

6.1 Director and consulting fees paid to Directors and/or Director related entities $226,535

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**-**	**-**
7.5	**Unused financing facilities available at quarter end**		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(10,390)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(10)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(10,400)
8.4	Cash and cash equivalents at quarter end (item 4.6)	34,554
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	34,554
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.3

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2023

Authorised by: The Board of Queensland Pacific Metals Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.