

Moranbah Project Aquisition Update and Preliminary Guidance

Highlights

- ✓ QPM Energy ("QPME") has been working closely with the Moranbah Project vendors to finalise ownership transition with completion currently estimated to occur around the end of July.
- ✓ Upon completion of the acquisition, QPME will receive net cash of \$30m.
- ✓ QPME has developed gas supply forecasts and operating budgets based on an extensive review of historical operations and field development plans and is pleased to provide indicative production and financial guidance for the Moranbah Project through to the end of 2024.
- ✓ QPME is forecasting that the Moranbah Project will generate positive EBITDA through 2024 based on production, operating and electricity price assumptions outlined in the Appendix.

Queensland Pacific Metals Limited (ASX:QPM) is pleased to announce QPME production and financial guidance for the Moranbah Project.

Summary

Summary guidance is provided in the table below. As the date of transfer of ownership and operating control to QPME has not been finalised, guidance has not been provided for the September 23 quarter. Further information and assumptions can be found in the Appendix

	Dec 23 Qtr	Mar 24 Qtr	Jun 24 Qtr	Sep 24 Qtr	Dec 24 Qtr
Production					
Gas supply (pre field, compression and system use losses)	2.85 PJ	3.06 PJ	3.40 PJ	3.60 PJ	3.70 PJ
Financial					
Revenue from gas + electricity sales (net of royalties)	\$29.6m	\$34.8m	\$42.0m	\$46.0m	\$48.4m
Opex inc field operating costs + NQGP transportation and TPS electricity generation costs	\$31.2m	\$32.0m	\$32.9m	\$32.2m	\$33.8m
EBITDA	(\$1.6)m	\$2.8m	\$9.1m	\$13.8m	\$14.6m

Table: Moranbah Project Guidance

Transaction Update

QPME has been working closely with relevant stakeholders to satisfy the necessary condition precedents to reach financial close on the Moranbah Project acquisition. Importantly, QPME has received official correspondence from the Queensland Government regarding its intention to approve the transfer of the Moranbah Project Petroleum Licenses to QPME. At this stage, financial close is targeted around the end of July.

Furthermore, QPME is pleased to advise that Ben Visser will join the company as General Manager - Development and Operations. Ben has extensive operating and asset management experience across the oil and gas, mining and petrochemical industries. In particular, Ben has been directly responsible for developing and managing large coal seam gas and conventional production operations in Queensland and the Northern Territory

Upstream Production Solutions (“**UPS**”), an experienced gas field operator, has been contracted to operate the Moranbah Project and is well advanced on achieving operational readiness including the transfer of a significant portion of the experienced Moranbah Project team.

At financial close, QPME will own the Moranbah Project assets, receive all project revenues and have financial responsibility for operating and capital costs. Arrow Energy will continue to operate the project for a short period of time to facilitate a smooth transfer of operatorship to UPS.

This announcement has been authorised for release by the Board.



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Appendix – Production and Financial Guidance Notes

General

All forecasts assume QPME reaches financial close of the Moranbah Project. Due to the uncertainty around when QPME will take ownership and control of the Moranbah Project, guidance has not been provided for the September 23 quarter.

Production

Current production of the Moranbah Project is around 10 PJ per annum.

Production forecasts are based on:

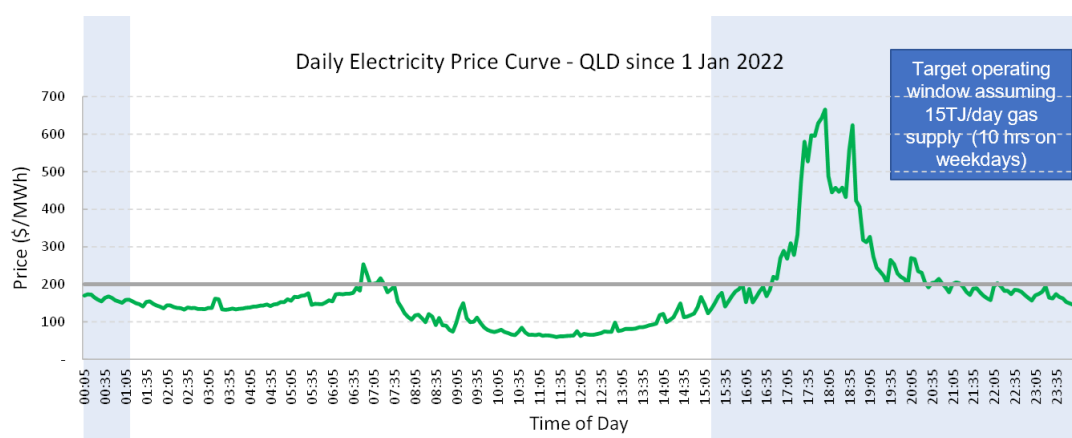
- Existing well production decline curves;
- Planned additional production from existing reserves through:
 - Workovers to re-establish production from existing wells currently offline due to mechanical failures or blockages;
 - Drilling of new wells on PL191 in conjunction with the Dyno Nobel development funding facility (see ASX announcement 17 May 2023); and
 - Development of new infrastructure tie-in points to collect additional third party gas.

Revenue

Revenue forecasts are based on:

- Existing sales contracts in place at the Moranbah Project with Dyno Nobel and Copper Refineries Ltd; and
- Surplus gas supply dispatched to the Townsville Power Station (“TPS”) to generate electricity.

Daily average electricity price data since 2022 is displayed in the graph below.



Source: AEMO

QPM is targeting operation of TPS during the shaded area of the chart above. Management has assumed

an electricity price of \$200 / MWh. This is considered conservative based on recent the Queensland electricity market since 2022.

Operating Expenditure

Operating expenditure forecasts are based on:

- Historical performance and operating budgets for the Moranbah Project gas field;
- Existing contracts in place for gas transportation on the North Queensland Gas Pipeline and TPS electricity generation capacity rights.

Risks to Achieving Guidance

The following key risks have been identified in regards to QPME achieving the guidance in this announcement.

Area	Comments
Production from existing well workovers	QPME plans to workover and re-establish production from a number of existing wells which are currently offline due to mechanical failures or blockages. There is a risk that workover operations will be unsuccessful in re-establishing production at pre-failure production rates.
Production from new wells	QPME plans to increase production by new well development. Forecast gas to be produced from new wells is based on modelling and historical performance of operating wells. There is a risk that new wells will perform in line with forecast.
Production from third party gas supply	QPME plans to develop new infrastructure to collect additional third party gas supply. There is a risk QPME may not develop this infrastructure in the time period assumed to start collecting this gas.
Electricity Price	A significant portion of revenue from the Moranbah Project is derived from the sale of electricity from TPS. The electricity price, particularly during the daily periods in which QPME plans to operate the TPS, is very volatile. The actual electricity price achieved by QPME each quarter is likely to be different to what has been estimated and they may be higher or lower.
Operating Costs	Whilst the Moranbah Project is a mature operating asset, QPME is transitioning towards becoming the operator with the likely appointment of UPS to undertake majority of the field operations. There is a risk that QPME may not be able to operate the field in line with its budget estimates.