QUEENSLAND PACIFIC METALS

Moranbah Project Acquisition Complete

Highlights

- ✓ **QPM Energy ("QPME") reaches financial completion for the acquisition of the Moranbah Project.**
- ✓ **Settlement proceeds of $30.0m have been received from the vendors.**
- ✓ **All key operating agreements and contracts have been novated to QPME allowing:**
  - **the transfer of Petroleum Leases ("PLs") and associated gas reserves and resources to QPME;**
  - **the transfer of ownership of the gas production assets to QPME;**
  - **QPME to receive gas sales revenue from Dyno Nobel and Copper Refineries Limited and electricity sales revenue from the Townsville Power Station ("TPS");**
  - **QPME to transport and store gas in the North Queensland Gas Pipeline; and**
  - **QPME to dispatch electricity produced by TPS directly into the National Electricity Market ("NEM") to earn electricity revenue.**
- ✓ **The Dyno Nobel development funding facility (up to an initial $80m) is available to be drawn to fund new production wells and grow gas production.**
- ✓ **Arrow Energy will transfer operatorship of the project to QPME's contract operator, GR Production Services (formerly Upstream Production Services), on Wednesday 30 August 2023.**

Table: Moranbah Project compression facility

Queensland Pacific Metals Limited (ASX: QPM) ("**QPM**" or the "**Company**") is delighted to announce that its wholly owned subsidiary, QPME, has completed the acquisition of the Moranbah Project.

Transformational Acquisition

The acquisition of the Moranbah Project transforms QPM into the 6th largest domestic gas producer listed on the ASX. It also transforms QPM into a significant revenue generating entity with a forecast pathway to positive EBITDA within the next 12 months.

QPM Pro Forma Equity Structure	
Pro forma shares on issue post Placement[1]	1,974.9m
Share price	$0.069
Pro forma market capitalisation	$136.3m
Pro forma Cash[2]	$61.7m
Pro forma enterprise value	$74.6m

Table: QPM pro forma equity structure post acquisition

	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
Quarterly EBITDA	**($1.6)m**	**$2.8m**	**$9.1m**	**$13.8m**	**$14.6m**

Table: Moranbah Project Guidance

Acquisition Rationale

The Moranbah Project collects, processes and transports waste mine gas (currently flared or vented) for industry use. Key assets and contractual rights include:

- 240PJ 2P reserves and 269PJ 2C resources, independently certified;
- Mature and current gas production rate of 10PJ per annum;
- ~100 producing wells and associated gas gathering infrastructure;
- Existing processing and compression infrastructure capacity of 23.4PJ per annum, which has significant excess capacity to grow the business;

[1] Pro Forma post settlement of capital raising ("Placement") announced 22 August 2023
[2] Assumes 30 June Cash balance $16.4m; net proceeds from recent placement $15.3m; net proceeds from Moranbah acquisition $30.0m

- Right to transport gas via the North Queensland Gas Pipeline, which has capacity of 35PJ per annum; and
- Right to dispatch 100% of the electricity generated by the TPS and the associated revenue.

Finalisation of the transaction represents a key milestone for QPM and QPME in executing the Carbon Abatement Strategy, which will deliver the following benefits for shareholders:

- Pathway for QPM to secure gas requires for the TECH Project and become a large net negative carbon producer;
- Transforms QPME into a viable standalone business, with significant earnings potentials from electricity generation and third party sales;
- Excess infrastructure to facilitate gas production growth; and
- Ideally positioned to assist regional coal miners to reduce gas flaring and venting, allowing them to better meet their obligations under the Commonwealth Safeguard Mechanism reforms and Queensland government emissions reduction objectives.

Comments

QPM Managing Director and CEO Dr Stephen Grocott commented,

"We applaud the work over more than one year that has been undertaken by the QPM Energy team to complete this acquisition. In doing so, this significantly de-risks our gas supply requirements for the TECH Project and provides a pathway to create a significant positive cash flow business. The QPME team led by David Wrench have developed detailed plans to enhance the asset so that it has a pathway to generating positive earnings. On behalf of QPM, I would also like to welcome as new employees the experienced team who have joined the company as part of the acquisition."

QPME CEO David Wrench commented,

"Having been involved with the original development of this project almost two decades ago, I am excited to now have the opportunity to re-invigorate the asset. We have been working hard during the period leading up to today's completion to identify initiatives designed to improve the performance of the asset. Together with GRPS and other stakeholders, we are now ready to implement them as quickly as possible. Furthermore, the tailwinds we have received from Safeguard Mechanism reforms and the state of the Queensland electricity market, position QPME well to significantly grow as a standalone business, whilst still meeting the needs of the TECH Project."

This announcement has been authorised for release by the Board

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FORWARD-LOOKING STATEMENTS Statements & material contained in this ASX announcement, 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 ASX announcement 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 ASX announcement 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 ASX announcement should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities in any jurisdiction.

Appendix – Reserves and Resources

The estimated proved and probable reserves, evaluated as of 31 March 2022, are contained within PLs 191, 196, 223 and 224. Collectively, these leases are referred to as the Moranbah Project, located in the Bowen Basin of Queensland, Australia.

The volumes included in this estimate are attributable to coals in the LH seams from the Rangal Coal Measures and the GU, P, GM, and GL seams from the Moranbah Coal Measures. Economic analysis was performed only to assess economic viability and determine economic limits for the properties, using escalated price and cost parameters outlined in the Economic Parameters paragraphs.

These estimates have been prepared by Benjamin W. Johnson, P. E. 124738, Vice President, Netherland, Sewell & Associates, Inc. ("NSAI") in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). NSAI is an independent group of petroleum engineers, geologists, geophysicists, and petrophysicists and does not own an interest in the Moranbah Project properties and has not been employed on a contingent basis.

NSAI has consented to the form and context in which the estimated reserves and contingent resources and the supporting information are presented in this announcement.

Reserves Estimate

Reserves are those quantities of petroleum anticipated to be commercially recoverable from known accumulations by application of development projects from a given date forward under defined conditions. Reserves must be discovered, recoverable, commercial, and remaining as of the evaluation date based on the planned development projects to be applied. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves that are sequentially less certain to be recovered than proved reserves.

The estimated Moranbah Project gas reserves (100% interest) as of 31 March 2022, are:

	Gross Wellhead Gas Reserves [1]		Gross Sales Gas Reserves [1,2]	
Category/Subclass	***(BCF)***	***(PJ)***	***(BCF)***	***(PJ)***
Proved Developed Producing	56.4	58.6	54.1	56.3
Proved Developed Non-Producing	5.3	5.5	5.1	5.3
Proved Undeveloped Justified for Development	99.7	103.6	95.7	99.5
Total Proved (1P)	**161.4**	**167.7**	**154.9**	**161.0**
Probable On Production	27.4	28.5	26.3	27.4
Probable Justified for Development	42.3	43.9	40.6	42.1
Total Proved + Probable (2P)	**231.1**	**240.1**	**221.9**	**230.5**

Totals may not add because of rounding.

[1] Gas is expressed in billions of cubic feet (BCF) at standard temperature and pressure bases and in petajoules (PJ). The energy content of the produced gas is 1.039 PJ per BCF.

[2] Sales gas reserves are after a 4 percent deduction for shrinkage due to system use gas.

Contingent Resources Estimate

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. The contingent resources shown in this report are contingent upon the acquisition of additional technical data that demonstrate producing rates and volumes sufficient to sustain the economic viability of the project and, subsequently, the commitment to develop the resources. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves; our estimates have not been risked to account for the possibility that the contingencies are not successfully addressed. The project maturity subclass for these contingent gas resources is development pending or development on hold.

The estimated unrisked Moranbah Project contingent gas resources (100% interest) as of 31 March 2022, are:

	Gross Unrisked Contingent Gas Resources			
	Wellhead[1]		Sales[1,2]	
Category/Subclass	***(BCF)***	***(PJ)***	***(BCF)***	***(PJ)***
Low Estimate (1C)				
Development Pending	65.6	68.2	63.0	65.5
Development on Hold	34.9	36.3	33.5	34.8
Total 1C	**100.6**	**104.5**	**96.6**	**100.3**
Best Estimate (2C)				
Development Pending	207.7	215.8	199.4	207.2
Development on Hold	50.9	52.9	48.9	50.8
Total 2C	**258.6**	**268.7**	**248.3**	**258.0**
High Estimate (3C)				
Development Pending	273.0	283.7	262.1	272.4
Development on Hold[3]	50.9	52.9	48.9	50.8
Total 3C	**323.9**	**336.6**	**310.9**	**323.1**

Totals may not add because of rounding.

[1] Gas is expressed in billions of cubic feet (BCF) at standard temperature and pressure bases and in petajoules (PJ). The energy content of the produced gas is 1.039 PJ per BCF.

[2] Sales gas reserves are after a 4 percent deduction for shrinkage due to system use of gas.

[3] Incremental volumes have not been estimated.

The contingent resources have been estimated using deterministic methods, with classification and categorisation based on incremental well spacing concepts. Once all contingencies have been successfully addressed, the approximate probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is generally inferred to be 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. It should be understood that each project within a subclass has varying degrees of risk associated with technical uncertainty, the chance of commerciality, and the likelihood that the project will be developed if all contingencies are addressed. Totals of contingent resources included herein are shown for convenience only and have not been adjusted for development risk.

Economic Parameters

Gas prices were used only to assess economic viability and determine economic limits for the properties. These estimates have been prepared using gas price parameters based on existing gas contracts and estimates of future gas contract pricing. For sales still in effect at the end of the existing contracts, reserves and contingent resources are scheduled to meet forecast demand. Gas prices are adjusted for energy content and transportation fees.

Costs were used only to assess economic viability and determine economic limits for the properties. Operating costs used in this estimate are based on operating expense records and forecasts provided by the operator of the properties. Operating costs are limited to direct well- and field-level costs and estimates of general and administrative overhead expenses necessary to operate the properties. Operating costs have been divided into field-level costs and per-well costs. Capital costs used in this report are based on budget forecasts and actual costs from recent activity. Capital costs are included as required for new development wells and production equipment.

Specific information required by Listing Rule 5.31

For the purposes of ASX Listing Rule 5.31, QPM makes the following disclosures:

1. **material economic assumptions** - the gas price parameters used to assess economic viability are based on existing gas contracts and estimates of future gas contract pricing for extensions of existing contractual arrangements and the other price and cost parameters outlined in the Economic Parameters paragraphs above;
2. **operatorship** - subject to completion of the Transaction, a subsidiary of QPM will assume operatorship of the Moranbah Project;
3. **types of permits** - the Moranbah Project comprises a number of petroleum leases (PLs 191, 196, 223 and 224) with expiry dates of 10 March 2032, 15 December 2024, 15 December 2024 and 30 June 2028 respectively;
4. **basis of the report -** (i)The Moranbah Project has been in production since 2004 with approximately 100 surface to in seam ("SIS") wells currently operating. An extensive data set including individual well production data, detailed geological models, coal reservoir parameters (gas contents, gas saturation and permeability), coal exploration and seismic data has been used for the technical assessment of producible gas. This has been then combined with numerical reservoir simulation to generate type curves for well production profiles which are incorporated into an economic model containing other input assumptions, including gas sales price, operating expenditure and capital expenditure to confirm commerciality. Gas prices were used only to assess economic viability and determine economic limits for the properties. Reserve estimates have been prepared using gas price parameters that are based on existing gas contracts and estimates of future gas contract pricing. For sales still in effect at the end of the existing contracts, reserves and contingent resources are scheduled to meet forecast demand. Gas prices are adjusted for energy content and transportation fees. Costs were used only to assess economic viability and determine economic limits for the properties. Operating costs used in this report are based on operating expense records and forecasts provided by the operator of the properties. The operating costs are limited to direct well- and field-level costs and the operator's estimate of the portion of its headquarters

general and administrative overhead expenses necessary to operate the properties. Operating costs have been divided into field-level costs and per-well costs. Capital costs used in this report were provided by the operator and are based on budgetary forecasts and actual costs from recent activity. Capital costs are included as required for new development wells and production equipment.

(ii) The reserves of the Moranbah Project have been estimated using deterministic methods. The Moranbah Project has been in production since 2004 with approximately 100 SIS wells currently operating. An extensive data set including individual well production data, detailed geological models, coal reservoir parameters (gas contents, gas saturation and permeability), coal exploration and seismic data has been used for the technical assessment of producible gas. This is then combined with numerical reservoir simulation to generate type curves for well production profiles which are incorporated into an economic model containing other input assumptions, including gas sales price, operating expenditure and capital expenditure to confirm commerciality.

(iii) SIS wells have been used to extract the gas reserves over the last 20 years and it is anticipated that SIS wells will continue to be the method used to develop additional reserves.

(iv) no specialised processing of gas following extraction is required.

5. **recovery from existing and future wells** – This is detailed in the table below:

	Gas Reserves			
	Gross (100%)		*Net*	
Category/Subclass	***(BCF)***	***(PJ)***	***(BCF)***	***(PJ)***
Proved Developed Producing	56.4	58.6	27.1	28.2
Proved Developed Non-Producing	5.3	5.5	2.5	2.6
Proved Undeveloped Justified for Development	99.7	103.6	47.8	49.7
Total Proved (1P)	**161.4**	**167.7**	**77.5**	**80.5**
Probable				
On Production	27.4	28.5	13.2	13.7
Justified for Development	42.3	43.9	20.3	21.1
Proved + Probable (2P)	**231.1**	**240.1**	**110.9**	**115.3**

Note: Net gas reserves are a 4 percent deduction for shrinkage due to system use of gas.

6. **undeveloped petroleum reserves** -the undeveloped petroleum reserves as detailed in the table in this Appendix will be developed in line with the gas requirements of the TECH Project. In order to ensure ongoing delivery of gas to the TECH Project, an access agreement for either QPM or QPME for the NQGP must be executed. No additional environmental approvals will be required to facilitate the development of the undeveloped reserves;

7. **unconventional disclosure** - the petroleum leases that comprise the Moranbah Project host approximately 100 producing wells over an aggregate area of 492.3 square kilometres; and

8. **where 1P = 0** - not applicable, the Moranbah Project has 1P reserves.

Specific information required by Listing Rule 5.33

For the purposes of ASX Listing Rule 5.33, QPM makes the following disclosures:

1. **types of permits** - the contingent resources are contained within petroleum leases PLs 191, 196, 223 and 224 with expiry dates of 10 March 2032, 15 December 2024, 15 December 2024 and 30

June 2028 respectively;

2. **the existence of potentially moveable hydrocarbons and determination of discovery** – the Moranbah Project has been in production since 2004 with approximately 100 SIS wells currently operating. An extensive data set including individual well production data, detailed geological models, coal reservoir parameters (gas contents, gas saturation and permeability), coal exploration and seismic data has been used to demonstrate the existence of potentially moveable hydrocarbons across the Moranbah Project permits.

3. **analytical procedures, key contingencies and further appraisal / evaluation** - The contingent resources shown in this report have been estimated using deterministic methods, with classification and categorisation based on incremental well spacing concepts. The Contingent Resources are contingent upon the acquisition of additional technical data that demonstrate producing rates and volumes sufficient to sustain the economic viability of the project and, subsequently, the commitment to develop the resources. Once all contingencies have been successfully addressed, the approximate probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is generally inferred to be 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. It should be understood that each project within a subclass has varying degrees of risk associated with technical uncertainty, the chance of commerciality, and the likelihood that the project will be developed if all contingencies are addressed;

4. **technology** – the contingent resources can be produced using conventional SIS coal seam gas wells and are not contingent on any technology under development for extraction; and

5. **unconventional petroleum resources** – the area covered by the Contingent Resources is approximately 200km^2. The number of wells for which the Contingent Resources are determined is up to 100 wells in the 3C case.

General Information

The reserves and contingent resources are estimates only and should not be construed as exact quantities. Estimates may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, the estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans, that the properties will be operated in a prudent manner, that no government regulations or controls will be put in place that would impact the ability of the interest owner to recover the volumes, and that projections of future production will prove consistent with actual performance. If these volumes are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts used to assess economic viability and determine economic limits for the properties. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received, and costs incurred may vary from the assumptions made.

Technical and economic data including, but not limited to, coal properties, gas content and composition data, well logs, geologic maps, well test data, production data, historical price and cost information, and property ownership interests were used to prepare these estimates. The reserves and contingent resources have been estimated using deterministic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE (SPE Standards).

Standard engineering and geoscience methods, or a combination of methods, including performance analysis, volumetric analysis, and analogy, are considered to be appropriate and necessary to classify, categorise, and estimate volumes in accordance with the 2018 PRMS definitions and guidelines. A substantial portion of the estimated reserves are for undeveloped locations and producing wells that lack sufficient production history upon which performance-related estimates of reserves can be based, and the contingent resources shown in this report are for undeveloped locations. Such volumes are based on estimates of reservoir volumes and recovery efficiencies along with analogy to properties with similar geologic and reservoir characteristics. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, conclusions necessarily represent only informed professional judgment.

The estimates of Reserves and Contingent Resources detailed throughout this announcement have been provided by Benjamin W. Johnson of Netherland, Sewell and Associates Inc ("**NSAI**") in accordance with the Society of Petroleum Engineers' Petroleum Resource Management System (SPE-PRMS) guidelines.

Mr Johnson is a full-time employee of NSAI, and is a qualified person as defined under the ASX Listing Rule 5.42. Mr Johnson is a Licensed Professional Engineer in the State of Texas] and has consented to the use of the information presented herein.

The technical persons are primarily responsible for preparing the estimates presented herein to meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards.