QUEENSLAND PACIFIC METALS

New TPS and NQGP Agreements to Transform QPME

Highlights

- ✓ **Commercial terms agreed for new contracts to cover Townsville Power Station ("TPS") dispatch rights and North Queensland Gas Pipeline ("NQGP") gas transport and storage services:**
  - **QPM Energy ("QPME") and RATCH Australia Corporation ("RAC") to contract for dispatch rights to 100% of the capacity of TPS's 160MW gas turbine generation unit when existing arrangements expire. This agreement allows QPME to supply gas to the power station and dispatch the electricity generated into the National Electricity Market ("NEM"); and**
  - **QPME and North Queensland Gas Pipeline ("NQGP") to contract for gas transport and storage services on the NQGP.**
- ✓ **The agreed terms will result in a significant reduction in fixed operating charges and ensures QPME will be financially robust with capacity to accelerate its' gas production growth plans:**
  - **Total annual fixed charges under the two agreements to fall by 83% compared to current contract terms; and**
  - **The new contract terms would have improved QPME's FY2024 financial performance by $30+ million.**
- ✓ **QPME has executed non-binding term sheets with both counterparties with drafting of final agreements underway.**

Queensland Pacific Metals Ltd (**ASX:QPM**) ("**QPM**" or "the **Company**") is pleased to announce its' subsidiary QPM Energy Pty Ltd ("**QPME**") has executed term sheets outlining key commercial terms to be included in new contracts for TPS dispatch rights and NQGP transport and storage services.

QPM's Chief Executive Officer David Wrench commented,

"We are very pleased to have agreed the key terms of new contracts with two of our important partners and stakeholders, NQGP and RAC. This achievement, on the first anniversary of our acquisition of the MGP, caps 12 months of hard work by the QPME team and is a key milestone marking the successful reinvigoration of the operational and commercial foundations of the business.

The new commercial arrangements will be transformational for QPM Energy, significantly de-risking the business. A sustainable, stable and profitable business will drive a range of new growth initiatives as we develop MGP into a tier 1 energy asset."

Townsville Power Station – Dispatch Agreement

Term	10 years with a review event at 3 years.
Start Date	1 July 2025
Dispatch Rights	160MW Gas Turbine (the steam generator will be placed on care and maintenance at the end of the existing contract).
Fixed Charges	Nil
Operating Cost Recovery	TPS operating costs to be recovered from electricity revenue generated.
Electricity Revenue Participation	QPME and RAC to share excess electricity revenue above QPME gas supply, TPS operating and NQGP transport costs.
Termination Rights	Either party will have the right to terminate after an initial three year period. Typical termination provisions such as material breach of obligations, force majeure, etc.
Conditions	Customary Conditions Precedent for this type of agreement including execution of long form documentation.

The current legacy contract with RAC requires QPM Energy to incur significant fixed charges for the right to dispatch 100% of electricity generated by TPS into the NEM.

Under the new Dispatch Agreement, RAC and QPM Energy will jointly recover their costs from electricity revenue generated by TPS only. The parties will share excess electricity revenue once all costs (including NQGP charges) have been recovered. This commercial structure significantly de-risks QPME's business because TPS costs are linked to revenue generated with no fixed component.

North Queensland Gas Pipeline – Gas Transportation Agreement ("GTA")

Term	10 years with a review event at 3 years.
Start Date	1 July 2025
Services	Minimum 12TJ/day of Firm Forward and 20 TJ of Firm Storage Services.
Fixed Charges	In line with NQGP's published tariffs.
Additional Capacity	Additional firm forward and storage capacity for use at TPS delivery point available to QPME at standard NQGP tariffs.
Termination Rights	Either party will have the right to terminate after an initial three year period. Typical termination provisions such as material breach of obligations, force majeure, etc.

Conditions	Customary Conditions Precedent for this type of agreement including execution of long form documentation.

The existing legacy GTA was originally structured with a fixed charge for firm forward haulage volumes sufficient to dispatch TPS as a baseload generator. Current NEM market conditions have made baseload dispatch of TPS uneconomic and QPME now operates TPS as a peaking power station. However, the lower gas volumes required for peak generation have resulted in QPME paying for firm forward and storage services that are not being fully utilised.

The new NQGP transport and storage terms are structured with a significantly lower total fixed charge reflecting the firm haulage services that QPME requires for optimal peak dispatch of the TPS. In addition, subject to availability, NQGP can make additional forward and storage services available on an interruptible basis for short term increases in gas supply to the TPS in exchange for additional cost to QPME.

Dyno Nobel Shut Down and Contract Transition

Dyno Nobel have advised QPME that they will be undertaking a major maintenance program of their Moranbah Ammonium Nitrate facility during Q1 2025. During this period, Dyno gas nominations will be significantly reduced and QPME will therefore have significant additional quantities of gas available for electricity generation. As a result, QPME, RAC and NQGP plan to extend the existing TPS and NQGP agreements until 31 March 2025 to allow maximum electricity generation at TPS including dispatch of the heat recovery steam generator.

TPS will then have a planned maintenance shutdown during Q2 2025 for a major overhaul of the gas turbine. QPME is currently evaluating opportunities for sale of gas that would have normally been supplied to TPS during this period.

Financial Impact to QPM Energy

In order to establish a sustainable and financially robust business, the fixed costs associated with the legacy NQGP and TPS contracts needed to be reset. These new agreements, which when combined will result in an 83% reduction in fixed costs compared with the existing contractual arrangements, achieve this goal. With the fixed cost reduction, variable costs will increase, however in a typical operating year, QPME's total costs will be significantly reduced.

The upside electricity revenue participation is the trade-off for the downside risk reduction and will help shield QPME from the volatility of the electricity market. The reduction in fixed costs underpins QPME's profitability during periods of lower electricity prices providing a strong platform for further growth in gas production and sales.

The new contract terms would have improved QPME's FY2024 financial performance operating costs by $30+ million. The impact of the new contracts will be reflected in QPME's FY2026 financial results.

This announcement has been authorised for release by the Board.

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