



Finalisation of Agreements with TPS and NQGP

Highlights

- ✓ Binding agreements have been executed in relation to Townsville Power Station (“TPS”) dispatch rights and North Queensland Gas Pipeline (“NQGP”) gas transport and storage services.
- ✓ The agreements reflect the same key commercial terms previously announced by QPM
- ✓ The agreed terms will result in a significant reduction in fixed operating charges and ensures QPM 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.

QPM Energy Limited (**ASX:QPM**) (“**QPM**” or “the **Company**”) is pleased to announce that a wholly owned subsidiary has entered into the following binding agreements:

- QPM and RATCH Australia Corporation (“**RAC**”) have contracted for dispatch rights to 100% of the capacity of TPS’s 160MW gas turbine generation unit when existing arrangements expire. This agreement allows QPM to supply gas to the power station and dispatch the electricity generated into the National Electricity Market (“**NEM**”); and
- QPM and North Queensland Gas Pipeline (“**NQGP**”) to contract for gas transport and storage services on the NQGP.

QPM’s Chief Executive Officer David Wrench commented,

“Finalisation of the binding agreements with two of our key partners, RAC and NQGP, is a significant de-risking event for our business. The financial benefits expected to flow on from these agreements are now locked in and we look forward to the commencement of these new contracts from July 2025.”

Key Commercial Terms

QPM previously announced the agreed key commercial terms contained within non-binding term sheets executed with RAC and NQGP (refer to ASX announcement 27 August 2024). The binding long form agreements reflect the same key commercial terms and are repeated below for convenience.

Agreement	Dispatch agreement with RAC
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	QPM and RAC to share excess electricity revenue above QPM gas supply, TPS operating and NQGP transport costs.
Termination Rights	<p>Either party will have the right to terminate after an initial three year period.</p> <p>Typical termination provisions such as material breach of obligations, force majeure, etc.</p>
Conditions	Customary Conditions Precedent for this type of agreement.

Agreement	Gas transportation and storage with NQGP
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 QPM at standard NQGP tariffs.
Termination Rights	<p>Either party will have the right to terminate after an initial three year period.</p> <p>Typical termination provisions such as material breach of obligations, force majeure, etc.</p>
Conditions	Customary Conditions Precedent for this type of agreement.

Peaking Power Generation Strategy

QPM notes AEMO's recommendations with regards to the significant investment Australia requires in its power generation capacity in order to deal with:

- Increasing power demand;
- The pending closure of coal fired power stations over coming years;
- Ongoing reliability issues across the aging coal generation fleet; and
- Additional firming generation capacity that can be dispatched rapidly to meet generation shortfalls when renewable energy generation is not producing or to cover for unplanned outages. .

The spot electricity price in the National Electricity Market is becoming increasingly volatile as more variable renewable generation is added to the network. The mismatch between the timing of renewable generation and demand results in significant swings in market prices, particularly during late afternoon and early evening as solar generation falls away and household electricity demand increases rapidly.

QPM's strategy is to develop additional gas fired power generation capacity that will be dispatched to provide support to the market during these events and capitalise on the very strong market prices during this part of the daily price cycle.

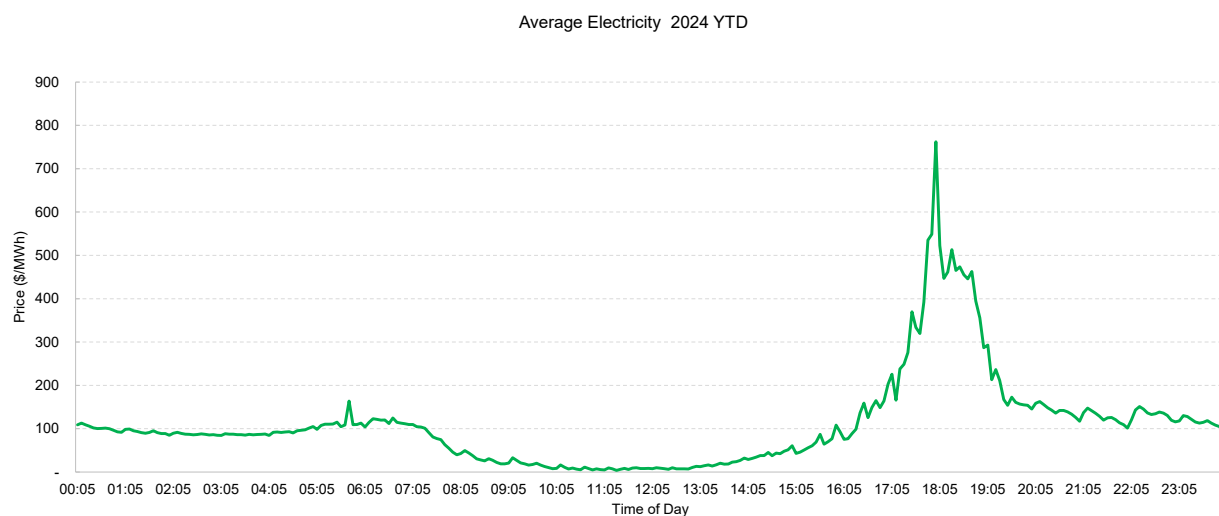


Figure: Average Daily Electricity Price throughout 5 minute pricing intervals (source: AEMO)

This announcement has been authorised for release by the Board.



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