

# MST Financial Oil & Gas Webinar

Growing East Coast Gas Producer

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# QPM Energy Overview

QPM Energy produces and collects gas from coking coal mines in the Northern Bowen Basin that would otherwise be wasted and supplies the gas to industry and generates firming electricity, resulting in significant carbon emission abatement.

## ■ Significant production and reserves

- Current production of ~30TJ / day (11 PJ / year) trending up
- 331PJ 2P reserves with >200PJ uncontracted
- Largest commercial gas producer in Northern Bowen Basin

## ■ Extensive infrastructure and North Queensland Gas Pipeline (NQQP) access

- Extensive gas gathering, processing and compression infrastructure with up to 64TJ / day (23.4PJ / year) capacity – the only facility connected to NQQP which has capacity of 108 TJ / day (39.4PJ / year)
- Pipeline can be used for gas storage

## ■ 242MW Townsville Power Station (TPS)

- Dispatch rights for all power generated into the National Electricity Market (“NEM”) delivering electricity revenue for QPM



# Investment Highlights

Since acquisition, QPM has turned around the MGP and delivered a significant increase to production and reserves. With the change in strategic focus, we are now poised to grow it as a significant standalone gas business

<b>Attractive Valuation</b>	<ul style="list-style-type: none"><li>▪ QPM recently announced change in strategic focus towards Moranbah Gas Project</li><li>▪ Attractively valued against oil and gas peer companies</li></ul>
<b>Large Reserve Base</b>	<ul style="list-style-type: none"><li>▪ Independently certified 2P Reserves of 331PJ – 38% increase since acquisition</li><li>▪ &gt;200PJ uncontracted reserves – well positioned to rapidly grow business</li></ul>
<b>Significant Gas Production + Growth</b>	<ul style="list-style-type: none"><li>▪ Current gas supply of ~30TJ / day (~11PJ / year)</li><li>▪ Sourced from QPM managed wells (130+ producing wells) and third-parties (coal mines)</li><li>▪ Drilling campaign for 7 new production wells commenced in April 2024</li><li>▪ Targeting ~35TJ / day Q1 CY2025</li></ul>
<b>Well Funded for Growth</b>	<ul style="list-style-type: none"><li>▪ \$80m Development Funding Facility (gas prepayment) in place with Dyno Nobel (\$27.5m for initial drilling and well workover programs)</li><li>▪ Recently completed \$19.1m capital raising (pre-costs) to strengthen balance sheet and fund growth initiatives</li></ul>

# Investment Highlights

<b>Already supplying Queensland industry + Opportunity for New Customers</b>	<ul style="list-style-type: none"><li>▪ Gas supply to Dyno Nobel (~20TJ / day), Copper Refineries (~1TJ / day) and Townsville Power Station (“<b>TPS</b>”) (balance of production)</li><li>▪ Regional industrial users currently burn diesel, which is expensive and has a larger carbon footprint – opportunity for QPM</li></ul>
<b>Critical Firming Electricity Generation</b>	<ul style="list-style-type: none"><li>▪ QPM has all rights to electricity generated by TPS and is the registered participant in the NEM</li><li>▪ Storage capacity from pipeline allows QPM to operate TPS in the evening power price peaks resulting in strong net back gas pricing</li><li>▪ Recent government policy change supporting gas-fired electricity generation as essential to support the transition to renewables</li></ul>
<b>Regional Consolidation and Southern Pipeline</b>	<ul style="list-style-type: none"><li>▪ QPM has the only compression infrastructure in the region and is a natural consolidator</li><li>▪ Scale will help justify southern pipeline to be built, connecting the Northern Bowen Basin to the export LNG market</li></ul>
<b>Safeguard Mechanism</b>	<ul style="list-style-type: none"><li>▪ Legislation driving coal miners to reduce annual carbon emissions by 4.9% per annum from baseline</li><li>▪ QPM can work with regional coal miners to take their waste gas, growing third party production</li></ul>

# Gas Reserves Underpin Growth

## >200PJ uncontracted gas reserves to underpin future growth



### Moranbah Opportunities

- Moranbah Power Station (existing)
- New power generation – potential for up to 300MW grid connection
- Compressed Natural Gas (CNG) / Micro-LNG facilities

### Townsville Opportunities

- Townsville Power Station & CRL (existing)
- North Queensland industrial energy consumers currently using diesel could switch to gas:
  - CNG / Micro-LNG facilities
  - North Queensland Energy Hub at Lansdown
- TECH Project

# Excess Infrastructure Capacity

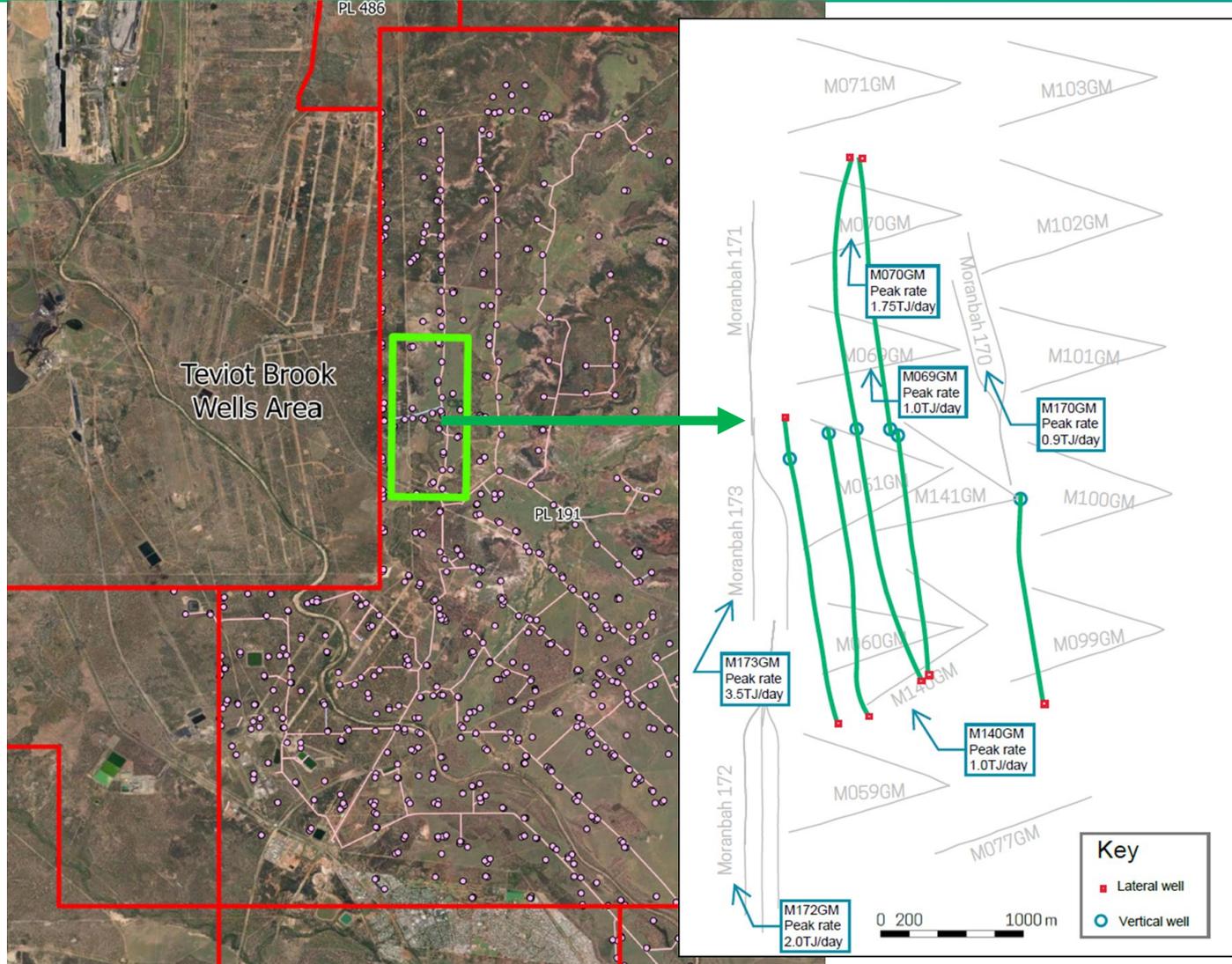


*Moranbah Gas Processing Facility*

- **64TJ / day (23.4 PJ / year) capacity compression infrastructure**
  - Current capacity utilisation ~15%
  - The only compression infrastructure connected to NQGP
- **Connected to 108TJ / day (39.4 PJ / year) NQGP**
  - Gas transportation from Moranbah to Townsville
  - Provides opportunity to deliver gas to new customers in the region
  - Utilised as storage to optimise operation of TPS (7,500MWh / 30 generation hours)

**Excess infrastructure capacity provides a platform for production growth both from QPM's reserves and also from other coal miners in the region**

# Teviot South Drilling Program



- Full program includes drilling 16 new laterals in the highly productive GM seam of PL191
- Phase 1 of the program includes drilling and completing 7 SIS well pairs in 2024
- 1st vertical well spudded on the 23<sup>rd</sup> April
- All vertical wells drilled, 1<sup>st</sup> lateral underway
- Phase 1 is expected to be completed by end October 2024 with well production increasing over the following 6 months
- Phase 2 is scheduled for 2025

# Teviot South Drilling Program



1<sup>st</sup> three vertical well pads ready for drilling



Rig – Lucas rig DRS 118 on location spudding 1<sup>st</sup> vertical well on TB118V1

# Achievements and Short Term Targets

**QPM acquired the Moranbah Gas Project in August 2023 and in a short period of time, has completed a significant turnaround**

## Milestones

- ✓ Successful ownership and operatorship transition
- ✓ Increased production from 23TJ / day to 30TJ / day
- ✓ Increased producing well count from 96 to 130
- ✓ Increased reserves from 240PJ to 331 PJ
- ✓ Commenced 7 well drilling campaign
- ✓ Recipient of \$3m Frontier Exploration Grant from Qld government
- ✓ Received approvals for Northern Hub (new site to facilitate additional waste gas capture from mines)
- ✓ Strong revenue growth resulting in maiden operating surplus for March 2024 quarter

## Next 12 months

- Production increase to ~35TJ / day from new wells and other initiatives
- Negotiation of new contracts for NQGP and TPS to reduce costs (existing contracts expire Feb 2025)
- Advance Moranbah Power station initiative utilizing additional waste gas from Anglo coking coal mines
- Develop CNG and LNG opportunities to deliver gas to new customers
- Develop new waste gas collection opportunities with other coal miners
- Grow gas resource base

# Company Snapshot

Company metrics	
Market Capitalisation	A\$83m
Debt <sup>1</sup>	Nil
Shares Outstanding <sup>2</sup>	2,520.8m
Options Outstanding <sup>2</sup>	177.9m
Performance Rights <sup>2</sup>	104.2m

1 – as at 17 June, excludes Develop Funding Facility with Dyno Nobel which is not repaid in cash, but rather physical gas delivery

2 – as at 17 June 2024

QPM share price – 12 months



Source: Yahoo Finance

# Appendices



# Moranbah Project Reserves and Resources

Category/Subclass	Gas Reserves <sup>1</sup>			
	Gross (100%)		Net <sup>2</sup>	
	(BCF)	(PJ)	(BCF)	(PJ)
<b>Proved</b>				
<b>Developed Producing</b>	54.7	56.8	52.5	54.6
<b>Developed Non-Producing</b>	1.5	1.6	1.5	1.5
<b>Undeveloped Justified for Development</b>	161.5	167.8	155.0	161.1
<b>Total Proved (1P)</b>	217.7	226.2	209.0	217.2
<b>Probable</b>				
<b>On Production</b>	13.3	13.8	12.8	13.3
<b>Justified for Development</b>	87.7	91.1	84.2	87.5
<b>Total Proved + Probable (2P)</b>	318.7	331.2	306.0	318.0

1. As at 31 March 2024. Totals may not add because of rounding.
2. Net gas reserves are after a 4 percent deduction for shrinkage due to system use gas.

*The estimated proved and probable reserves, evaluated as of 31 March 2024, are contained within granted Petroleum Leases PLs 191, 196, 223 and 224, referred to as the Moranbah Project, located in the Bowen Basin of Queensland, Australia.*

*The volumes included in the estimate are attributable to the 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 price and cost parameters specified by QPM.*

*The estimate was prepared by Richard B. Talley, Jr., P.E., Michelle L. Burnham, P.E. and John G. Hattner P.G. in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers (“SPE”). These technical persons meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the SPE standards. NSAI are independent petroleum engineers, geologists, geophysicists and petrophysicists who do not own an interest in the properties and are not employed on a contingency basis.*