

September 2023 Quarterly Report

Highlights

- ✓ **Completed acquisition of Moranbah Project, de-risking gas supply for the TECH Project and transforming QPM Energy (“QPME”) into a standalone revenue generating business.**
 - Successful transition of operating control to QPME and establishment of QPME’s gas management and electricity dispatch team.
 - Stable operations maintained during September with encouraging early results from production and gas supply improvement initiatives commenced in October.
- ✓ **Continued progress of TECH Project feasibility work to advance the project to a Final Investment Decision:**
 - Extensive engineering being undertaken in conjunction with key equipment suppliers;
 - Testwork activities to provide equipment suppliers with required information to provide contractual performance guarantees is progressing well.
- ✓ **Capital raising completed ensuring QPM has sufficient funding in place to advance TECH Project to a Final Investment Decision and implement operating initiatives at Moranbah Project:**
 - Includes initial investment from ore supplier Société des Mines de la Tontouta (“SMT”) as part of a Memorandum of Understanding for strategic funding; and
 - Participation by General Motors in line with existing US\$69m equity commitment.
- ✓ **Debt financing advancing per revised target of credit approve term sheets 1H 2024:**
 - Discussions with government banked lenders (\$1.4 billion indicative commitment) regarding loan tenor, interest margin and coverage ratios;
 - Short form indicative term sheets (non-binding) received from 7 international and domestic commercial banks; and
 - Due diligence (including finalisation of key reports from Lenders’ Independent Consultants) required for final credit approval remains on track.
- ✓ **Continued to advance commercial arrangements for supporting infrastructure for the TECH Project including road, water and power.**

activities from the September 2023 quarter.

TECH Project

Feasibility work

Lead engineers Hatch, key suppliers and QPM's owner's team continue to undertake the necessary technical work streams to facilitate securing debt funding. The TECH Project will be a significant advanced manufacturing plant which requires extensive engineering, particularly to achieve a targeted accuracy of +/-15% or better across the plant.

The images below show examples of the extent of engineering which has been completed to date.

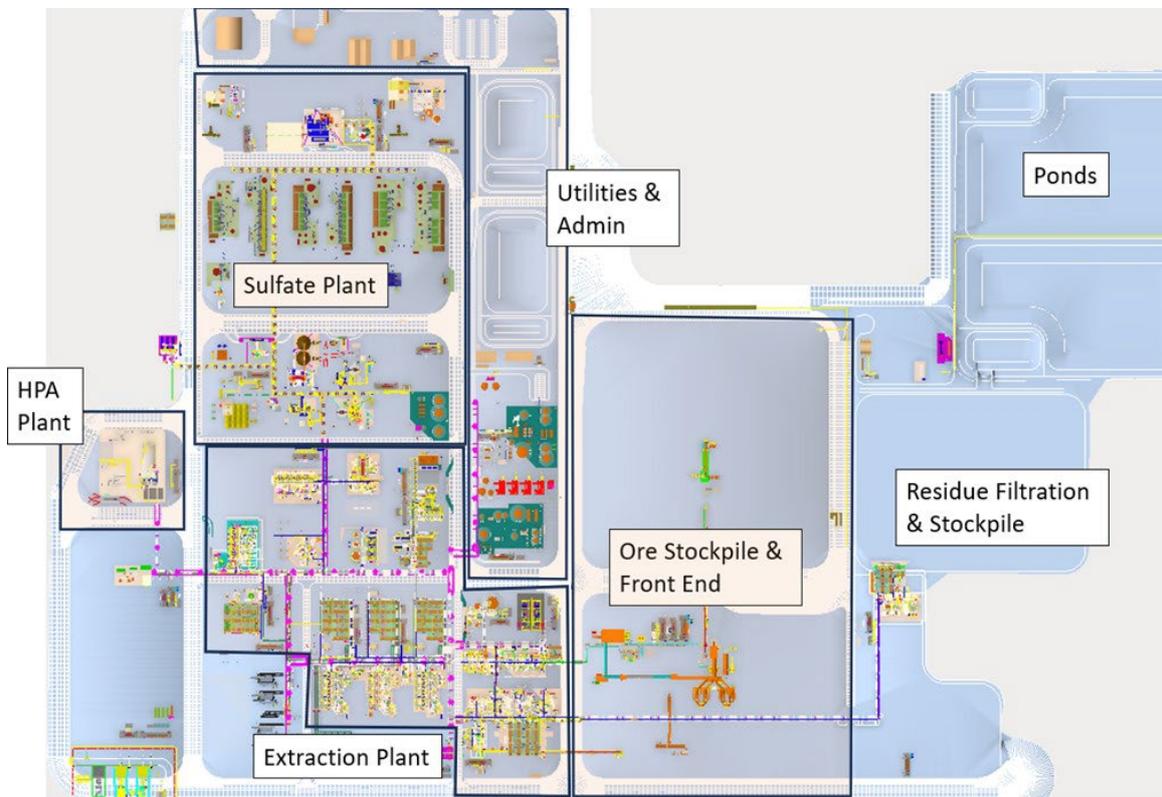


Figure: TECH Project Plant layout

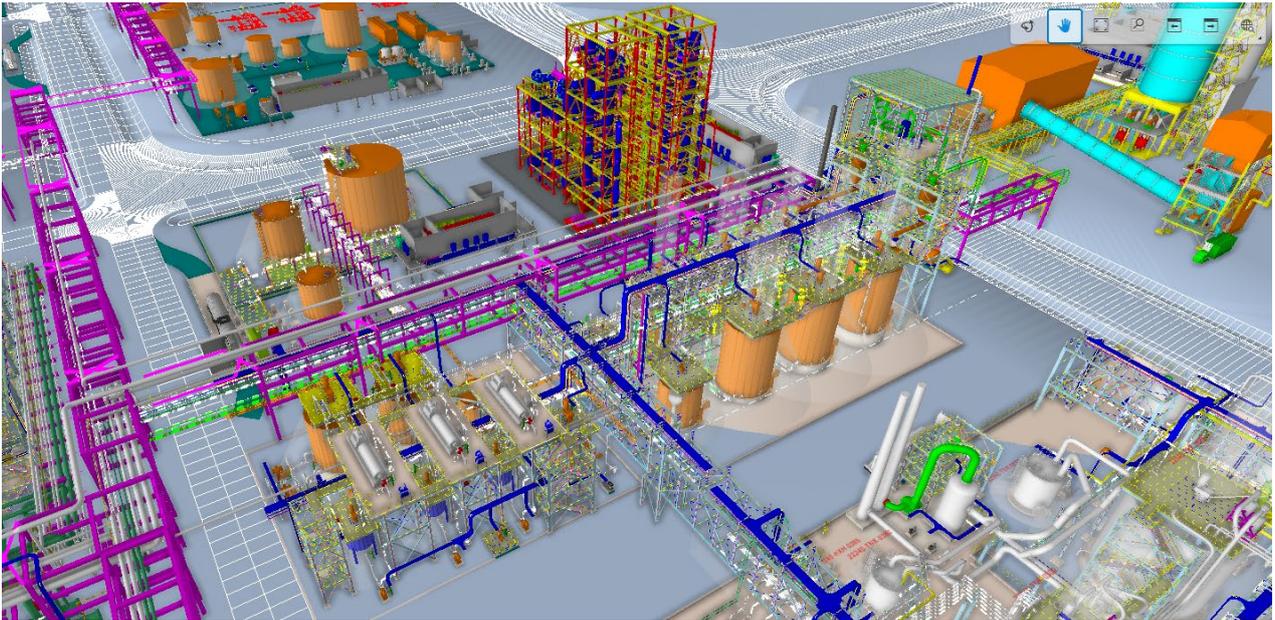


Figure: Nitric acid leach to extract metals from laterite ore

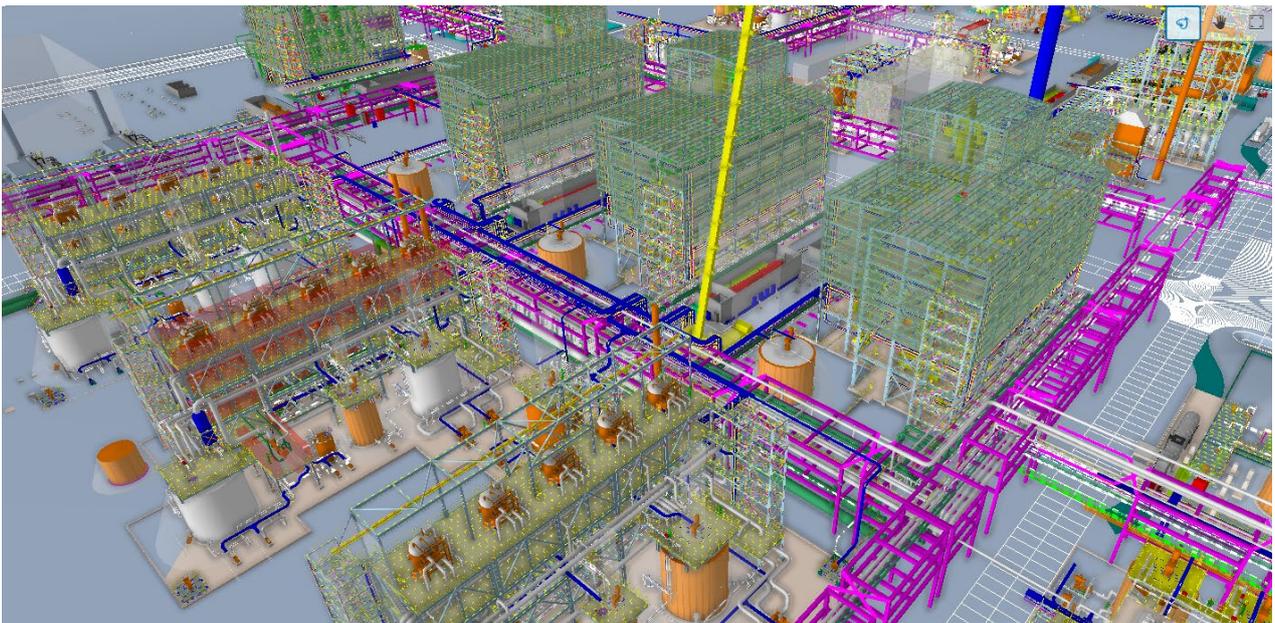


Figure: Pressure Iron Hydrolysis (KBR Package) which precipitates hematite and recycles nitric acid.

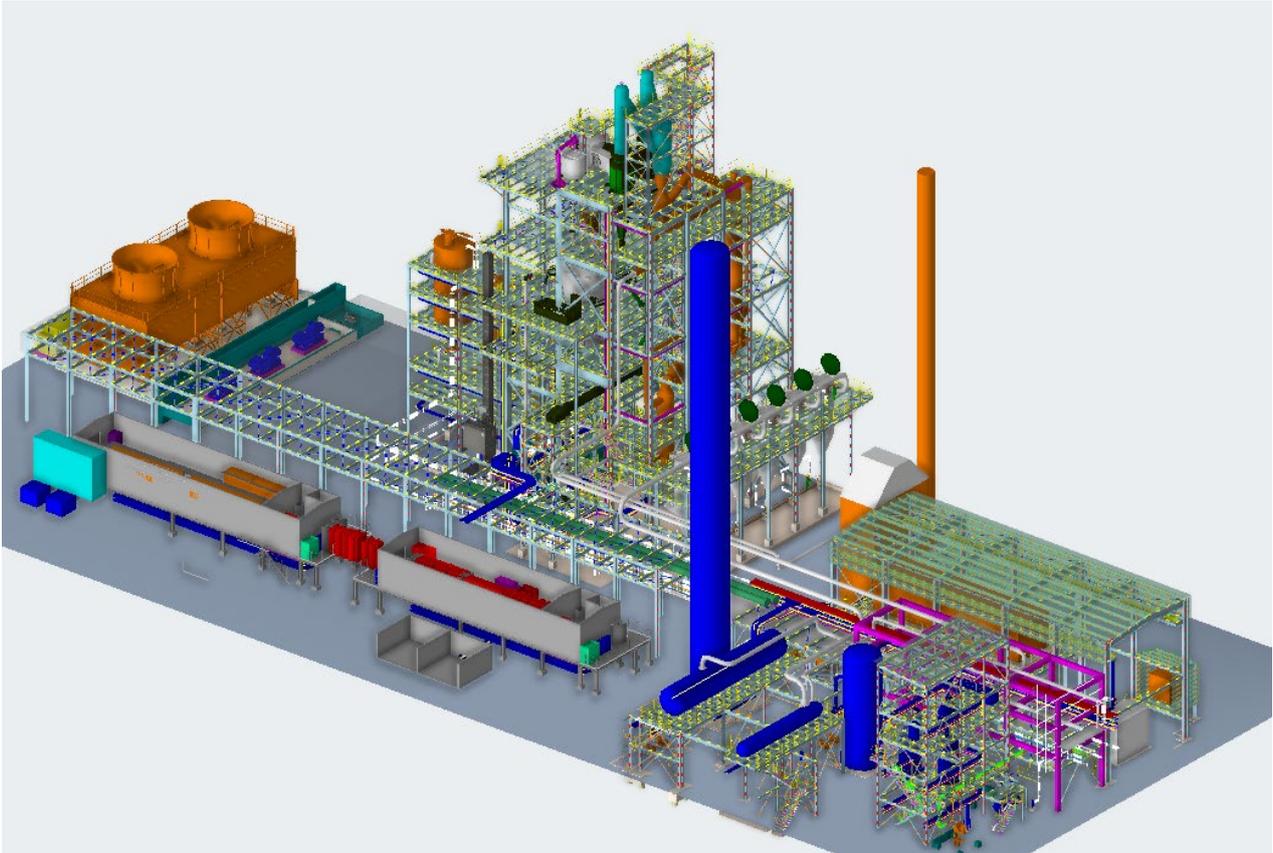


Figure: Fluid Bed Roaster (Hatch Canada package) which produces magnesia and recycles nitric acid.

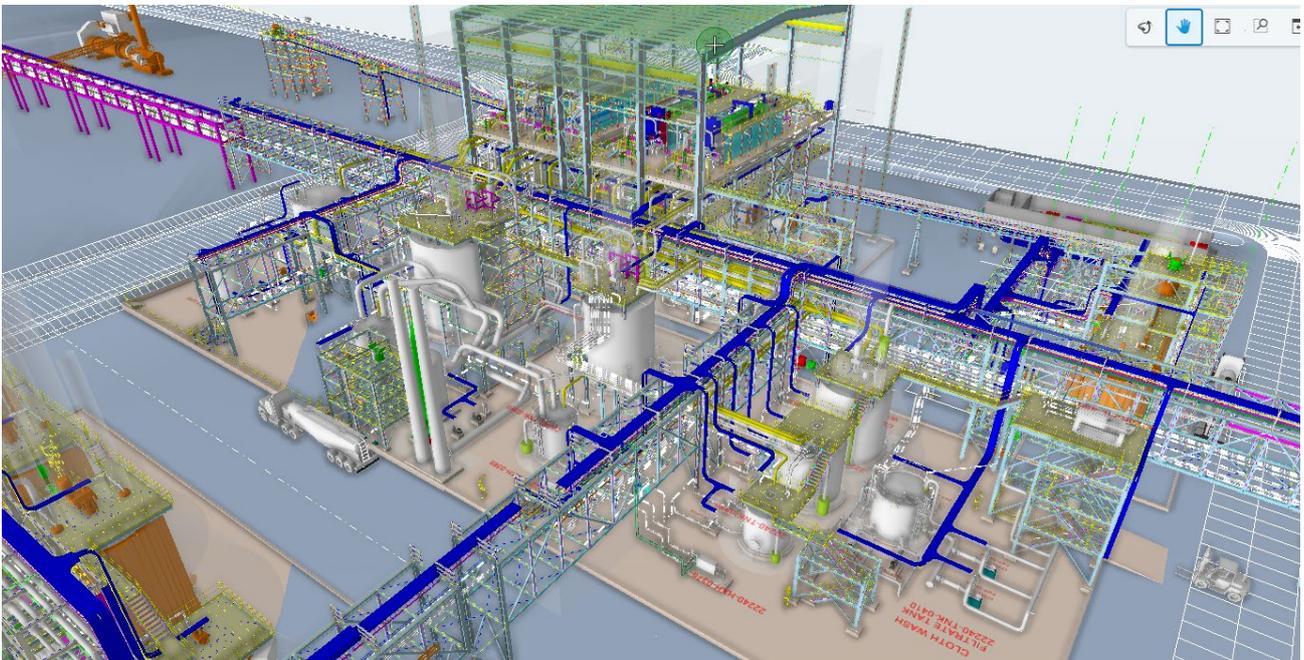


Figure: Residue neutralisation which facilitates production of residue as engineered fill, achieving target of zero solids waste.

Nickel Sulfate Testwork

During the quarter, QPM completed nickel sulfate pilot plant testwork at SGS Canada. The pilot plant was successful in producing nickel sulfate which met the specifications of QPM's offtake agreements with General Motors, LG Energy Solutions and POSCO. Furthermore, the piloting validated the commercial flowsheet being used in the TECH Project.



Figure: Nickel sulfate produced during pilot plant operation

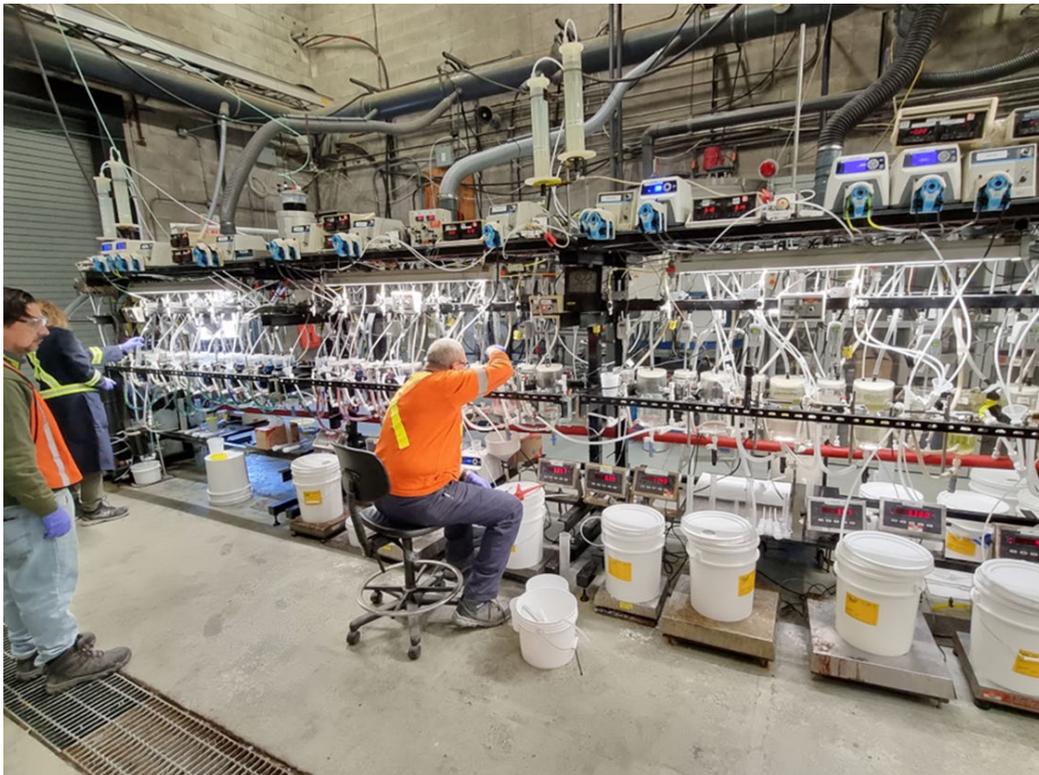


Figure: Nickel sulfate pilot plant at SGS Canada

Pressure Iron Hydrolysis and Aluminium Hydrolysis

The iron and aluminium hydrolysis sections of the DNi Process™ flowsheet consecutively precipitate iron and then alumina from the pregnant liquor solution and subsequently recycle a significant portion of the nitric acid. This is a major equipment package being delivered by KBR Plinke.

In order to ensure KBR equipment will be suitable for commercial use, pilot testwork is being undertaken by QPM in association with KBR. This is being performed in Glen Innes, NSW.

During the quarter, construction of the pilot plant rig was advanced significantly with testwork due to commence in the December 2023 quarter.

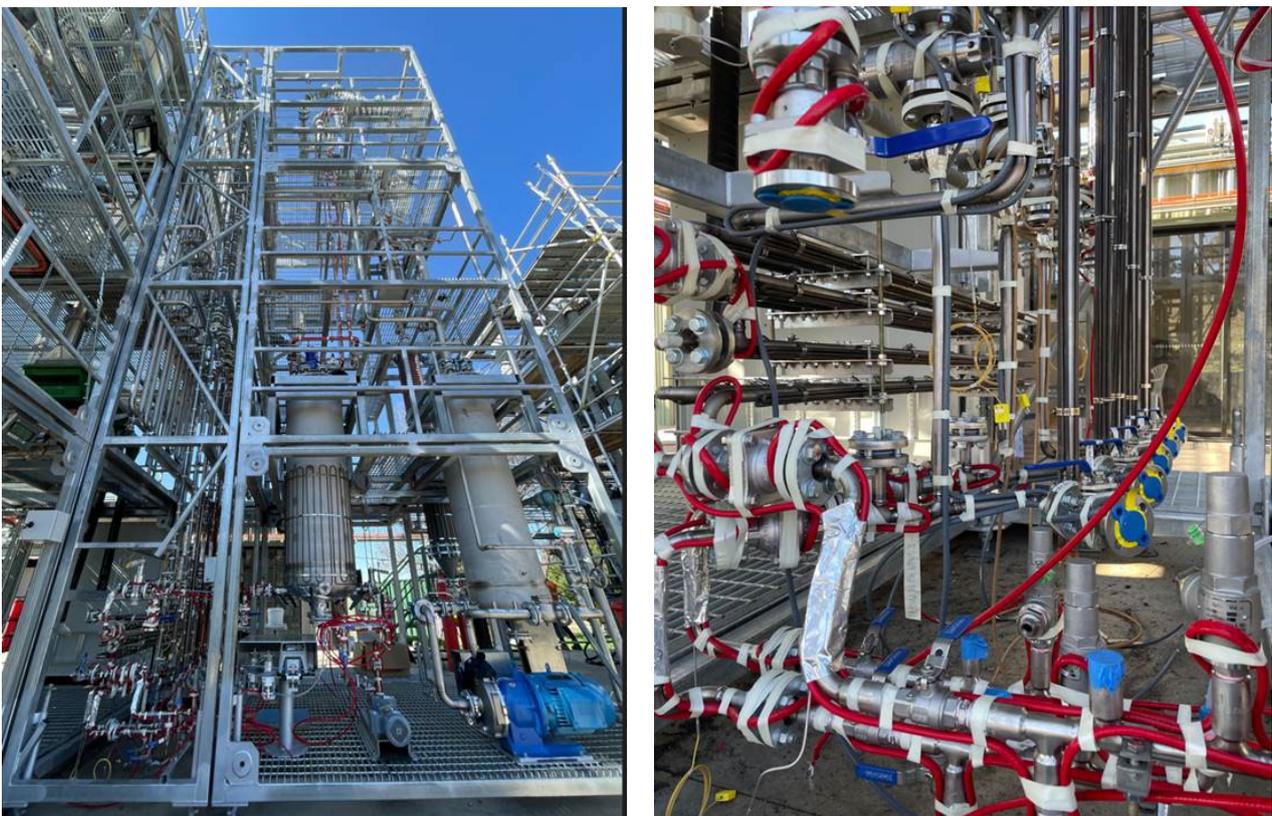


Figure: Iron and aluminium hydrolysis pilot plant

High Purity Alumina (“HPA”) Testwork

The HPA demonstration plant operated by technology partners Lava Blue continues to produce 99.99% (“4N”) HPA. Production is currently around 2kg a day and QPM and Lava Blue are targeting a total of 60kg of on spec product.

Samples produced to date are currently being transported to the United States. QPM has previously appointed a US based marketing consultant, who is working with QPM’s in-house technical marketing manager.

Samples will be provided to potential customers that are being targeted.

Lansdown Precinct Infrastructure

QPM is working closely with various stakeholders on supporting infrastructure required for the TECH Project. This includes:

- Townsville City Council (“TCC”) – water supply and roads;
- Powerlink – grid connection;
- Port of Townsville – operational shed; and
- Queensland State Government / Office Co-ordinator General – overall delivery.

Ensuring infrastructure is funded and in place when required is a critical component of due diligence being undertaken by debt financiers. During the quarter, QPM commenced contractual discussions with TCC with the view of finalising an operational lease agreement and a Project Development and Infrastructure agreement. QPM also advanced plans and discussions on all other critical infrastructure with other stakeholders.

Investment by SMT and General Motors

Capital Raising

In August, a Share Placement to institutional and sophisticated investors was undertaken, raising gross proceeds of \$16m. As part of this capital raising, strategic investors SMT and General Motors also participated.

In July, QPM and SMT entered into a Strategic Partnership where both companies recognise:

- the importance of long term, secure ore supply for Phase 1 and Phase 2 of the TECH Project for QPM;
- the importance for SMT to participate in the long term value created in the entire battery material supply chain from mined ore to end product and will collaborate on investment opportunities in QPM to facilitate this; and
- the importance of ESG in the Electric Vehicle (“EV”) sector and the combination of SMT’s world class mining practices and the merits of the TECH Project will be invaluable.

SMT’s investment of \$5m in the Share Placement was an initial investment as part of the Strategic Partnership. QPM and SMT will continue to work on further investment and commercial opportunities.

General Motors also participated in the Share Placement pro-rata to their shareholding.

The capital raising by QPM was important in order to ensure there was sufficient cash and working capital to:

- undertake technical work streams to advance the TECH Project towards obtaining debt funding;
- undertake capital initiatives at the Moranbah Project to increase gas production; and
- manage the operating cashflow requirements of the Moranbah Project.

Moranbah Project

Ownership Transition

On 25th August, wholly owned subsidiary QPME achieved financial completion of the Moranbah Project with gross settlement proceeds of \$30.0m being received from the vendors. On 30th August, operatorship of the gas production and supply assets was transferred from Arrow Energy to QPME's owner's team and contract operator, GR Production Services. QPME also established a gas and electricity trading team to manage gas supplies to customers and dispatch of electricity into the NEM. Pleasingly, transfer of operatorship was achieved smoothly with no safety incidents recorded and no interruption to gas production and supply to customers.

During September the company's focus was on maintaining stable operations and ensuring that the new team and management systems were integrated. In addition, planning for field optimisation, production and gas supply growth initiatives was undertaken. These initiatives include:

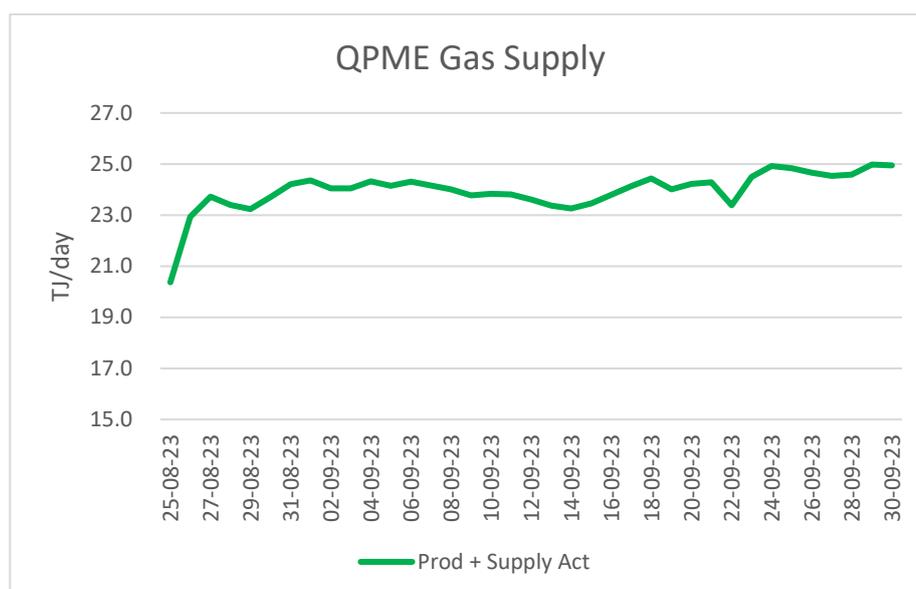
- A program to work over 8 existing wells to reestablish gas production from these wells;
- Optimisation of existing wells and infrastructure to increase gas flows;
- Construction of new tie-in points to allow connection of gas produced from third party wells; and
- A new well drilling program to be funded by the Dyno Nobel Development Funding Facility.

Implementation of the first three of these initiatives commenced in October and will continue through the 4th quarter. Pleasing early results have been achieved including increased field production levels. Increased gas supply during the current quarter will directly enable electricity generation at the Townsville Power Station to be ramped up during peak market events.

QPME Key Performance Metrics

	Sep Qtr 2023 ¹	
Source	(TJ/day)	(PJ)
Gas Production	17.1	0.6
Third Party Gas Supply	6.8	0.3
Total Gas Supply	23.9	0.9

¹ Note data for the period from 25th August 2023 to 30th September 2023.



Electricity Generation

As part of the Moranbah Project acquisition, QPME gained contractual rights to transport and store gas using the North Queensland Gas Pipeline (“**NQGP**”) for delivery to Townsville as well as rights to generate and dispatch electricity from the Townsville Power Station (“**TPS**”).

The TPS consists of a 160MW gas turbine with a 82MW Heat Recovery Steam Generator (“**HRSG**”). QPME intends to dispatch TPS to maximise returns by focussing on the peak period in the daily electricity price cycle.

Electricity generation for the period from 25th August to 30th September was 6,621MWh limited by the company’s focus on stable operations as planned. Subsequent to quarter end, QPME’s assumed full control of dispatch of the TPS and was able to optimise run times to coincide with peak market prices and commence combined cycle generation. As gas supply grows and summer electricity market conditions prevail, QPME will run the TPS for longer periods and in combined cycle mode (242MW) significantly increasing electricity revenues.

Debt Financing

During the quarter, QPM continued to advance on debt financing discussions in parallel with due diligence being undertaken by Independent Technical Expert RPM Global.

QPM’s debt strategy is to secure project finance from government backed lenders supported by leading commercial banks. To date, QPM has previously received ~\$1.4b in indicative commitments from government backed lenders. During the quarter, QPM received non-binding Short Form Term Sheets from 7 International and Domestic commercial banks. The term sheets included key commercial terms and outlined the proportion of credit exposure split between debt guaranteed by government backed lenders and non guaranteed debt.

Receipt of these SFTS not only provides comfort in commercial bank indicative funding appetite for the TECH Project, but the extent of engagement reflects the strong alignment the TECH Project has with bank commitments to finance projects that support decarbonisation initiatives.

Whilst detailed terms contained in the SFTS are Commercial-in-Confidence summary highlights include:

- Debt tenor for ECA Covered loan components of up to 15 years;
- Debt tenor for uncovered loan of up to 8 years;
- Interest margins in line with QPM's expectations; and
- Favourable sweet/sour ratio of generally 80/20 (ECA Covered /non-ECA Covered).

QPM notes that the SFTS are non-binding and any commitments still subject to successful completion of detailed due diligence, agreement on structure of debt facility and receipt of final credit and other necessary approvals.

Cash and Corporate

Cash at the end of the quarter was \$39.7m. Subsequent to quarter end, QPM closed its Share Purchase Plan which raised a further \$1.93m.

Additional ASX Information

ASX Listing Rule 5.3.1: Exploration and Evaluation during the quarter was \$13.6m. The majority of this was spent on the Company's TECH Project.

ASX Listing Rule 5.3.2: There were no substantive mining production and development activities during the quarter.

Tenement Table: ASX Listing Rule 5.3.3: Tenements currently held by QPM as at 30 June are detailed in the table below.

TENEMENT ID	STATUS	APPLIC DATE	GRANTED DATE	EXPIRY DATE	HOLDING	NAME	REGISTERED CO.
EL 1761	Renewal application submitted and pending approval	11 Mar 2020	18 Sep 2020	12-Mar-22	100%	Sewa Bay	Queensland Pacific Metals Ltd

ASX Listing Rule 5.3.5:

RELATED PARTY	AMOUNT	DESCRIPTION
Directors and CEO	\$248,329	Director and consulting fees paid to Directors and/or Director related entities

This announcement has been authorised for release by the Board.



ASX: QPM | ACN:125 368 658

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Contact: Dr Stephen Grocott, MD & CEO | Address: Level 10, 307 Queens St, Brisbane Q 4000

FORWARD LOOKING STATEMENT Statements & material contained in this ASX Release, 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 Release 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 document 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 Release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Queensland Pacific Metals Limited

ABN

61 125 368 658

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	785	785
1.2 Payments for		
(a) exploration & evaluation	(13,609)	(13,609)
(b) development	-	-
(c) production	(2,459)	(2,459)
(d) staff costs	(2,439)	(2,439)
(e) administration and corporate costs	(4,259)	(4,259)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	174	174
1.5 Interest and other costs of finance paid	(82)	(82)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	38,500	38,500
i) Relates to \$38.5M (including GST) received by QPM as consideration for assuming obligations to supply gas under the Moranbah project contracts.		
1.9 Net cash from / (used in) operating activities	16,611	16,611

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(461)	(461)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) exploration & evaluation	(5)	(5)
	(e) investments	-	-
	(f) other non-current assets (relates to amounts (incl GST) paid by QPM for the acquisition of the Moranbah project)	(5,500)	(5,500)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(50)	(50)
2.6	Net cash from / (used in) investing activities	(6,016)	(6,016)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities) *	15,750	15,750
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	300	300
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(988)	(988)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(465)	(465)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	i) Financial surety (cash backed) of \$1.6M in connection with environment authority which the company treats as restricted cash.	(1,798)	(1,798)
3.10	Net cash from / (used in) financing activities	12,799	12,799

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<p>* On 22 August 2023, QPM announced that it had successfully completed a \$16 million placement which settled on or about 29 August 2023 and in respect of which \$15.75 million has been included in Section 5.1 below. In addition, at the time of the placement QPM announced a Share Purchase Plan (SPP) to raise additional funds. Post quarter end, the SPP closed raising \$1,930,850 (before costs) and the placement balance of \$0.25 million was also received. Those amounts are not included in Section 5 below.</p>			
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,382	16,382
4.2	Net cash from / (used in) operating activities (item 1.9 above)	16,611	16,611
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,016)	(6,016)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,799	12,790
4.5	Effect of movement in exchange rates on cash held	(70)	(70)
4.6	Cash and cash equivalents at end of period	39,706	39,706

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	28,706	16,382
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
	i) Balance comprises of \$8M (restricted) cash deposited related to IPL funding arrangements and \$3M deposit for TPS variable charges.	11,000	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	39,706	16,382

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	248
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
6.1	Director and consulting fees paid to Directors and/or Director related entities	\$248,329

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	80,000	-
7.3	Other (please specify) *	-	-
7.4	Total financing facilities	80,000	-
7.5	Unused financing facilities available at quarter end		80,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
* As announced on 17 May 2023, subsidiaries of QPM and Dyno Nobel entered into a secured \$80M Development Funding Facility ("DFF") to fund the drilling of 16 new wells over a 2-year period. Subsequent to quarter end, QPM entered into (and has drawn down) a Research and Development Grant loan of \$12.65M. This loan is repayable at the earlier of receipt of funds from the R&D Grant and 24 January 2024.			

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	16,611
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(5)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	16,606
8.4	Cash and cash equivalents at quarter end (item 4.6)	39,706
8.5	Unused finance facilities available at quarter end (item 7.5)	80,000
8.6	Total available funding (item 8.4 + item 8.5)	119,706
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2023

Authorised by: The Board of Queensland Pacific Metals Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.