

ASX RELEASE
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Investment and Offtake Agreements Executed with LG Energy Solution and POSCO

Highlights

- **US\$15m combined equity investment from LG Energy Solution and POSCO GEM 1ST FUND**
- **Shares will be issued at a price of A\$0.1364, a premium of 16.8% to the 1 month VWAP of QPM shares**
- **Binding offtake agreements signed for the sale of 10,000t contained nickel and 1,000t contained cobalt with LG Energy Solution and POSCO**
- **The commercial transaction is the culmination of extensive negotiation and due diligence undertaken on QPM and the TECH Project by LG Energy Solution and POSCO**

Queensland Pacific Metals Ltd (ASX:QPM) (“**QPM**” or “the **Company**”) is delighted to announce that it has entered into a binding agreement with LG Energy Solution (“**LGES**”) and POSCO GEM 1ST FUND regarding an equity investment in QPM. QPM has also entered into binding offtake agreements for nickel and cobalt offtake from the TECH Project with LGES and POSCO.

Equity Investment

LGES and POSCO GEM 1ST FUND have agreed to invest US\$15m in QPM by way of a subscription of ordinary shares. The issue price will be A\$0.1364 per share, which represents a premium of 16.8% to the 1 month VWAP of QPM shares.

LGES will invest US\$10.5m (99,235,889 QPM shares) and POSCO GEM 1ST FUND will invest US\$4.5m (42,529,667 shares). Post completion of the transaction, the ownership interest of LGES and POSCO GEM 1ST FUND in QPM will be 7.5% and 3.2%, respectively. LGES and POSCO GEM 1ST FUND will be subject to a 12 month escrow on their shares.

As part of their investment consideration, extensive due diligence was carried out by LGES and POSCO GEM 1ST FUND on QPM and the TECH Project. This included a technical review of the TECH Project by RPM Global.

The equity investment by LGES and POSCO GEM 1ST FUND is conditional upon QPM shareholder approval. A notice of meeting for an Extraordinary General Meeting will be sent out shortly.

The funds received from the equity investment will be used to advance the TECH Project, including bringing forward detailed design work which will facilitate earlier placement of long-lead time plant and equipment.

Offtake Agreement

QPM has entered into offtake agreements with both LGES and POSCO for the supply of nickel and

cobalt from the TECH Project. Initially, nickel and cobalt will be supplied in the form of mixed hydroxide precipitate (“MHP”), until QPM completes a commercial production certification process for the TECH Project. This certification process is expected to take 9 to 12 months and once completed, all sales will be in the form of nickel sulfate and cobalt sulfate.

The key terms of the offtake agreements are detailed in the table below:

	LGES	POSCO
Quantity	7,000t contained nickel per annum 700t contained cobalt per annum	3,000t contained nickel per annum 300t contained cobalt per annum
Term	7 years with first right of refusal on the quantity for 3 years after the term	7 years with first right of refusal on the quantity for 3 years after the term
MHP Pricing	Linked to the nickel and cobalt price at the time of the sale and market payable levels for nickel and cobalt	Linked to the nickel and cobalt price at the time of the sale and market payable levels for nickel and cobalt
Nickel Sulfate Pricing	Linked to the nickel price at the time of the sale	Linked to the nickel price at the time of the sale
Cobalt Sulfate Pricing	Linked to the cobalt price at the time of the sale	Linked to the cobalt price at the time of the sale

The offtake agreements are conditional upon the equity investment by LGES and POSCO GEM 1ST FUND being approved by QPM shareholders and upon the TECH Project achieving commercial production.

The execution of the offtake agreements is a major milestone for QPM and the TECH Project. LGES and POSCO are both highly credible and bankable counterparties, which will significantly assist QPM’s ability to fund the TECH Project. Their combined offtake quantities will account for the majority of production at the TECH Project, giving QPM the baseload customers it needs to underpin development. Harp Capital of Toronto acted as advisor to QPM on the transaction.

About LGES and POSCO

LG Energy Solution is a global leading battery maker providing the best solutions within the energy sector for a better world. Based on its 30 years of R&D experience, the company delivers the most advanced batteries that have been infused with cutting-edge technologies to EVs, Energy Storage Systems (ESS) and Mobility & IT applications across the world. LG Energy Solution’s Advanced Automotive Battery leads the market with its outstanding technologies and products. Home to the world’s first EV battery lineup, LG Energy Solution provides the best battery solutions for EVs worldwide.

POSCO is the largest fully integrated steel producer in Korea, and one of the largest steel producers in the world, based on annual crude steel production. POSCO produced approximately 40.6 million tons of crude steel and diversified line of steel products in 2020. POSCO also engage in businesses that complement our steel manufacturing operations as well as carefully seek out promising investment opportunities to diversify its businesses both vertically and horizontally. POSCO’s affiliate



companies are involved in a wide range of industries including chemicals, trading, engineering & construction, energy and so on.

QPM Managing Director Stephen Grocott commented,

“We warmly welcome LG Energy Solution and POSCO as shareholders to Queensland Pacific Metals and look forward to the day where the TECH Project becomes a significant supplier of nickel and cobalt to each company. The ability for QPM to attract and establish business relationships with companies of the calibre of LG Energy Solution and POSCO is validation for our company and what we are trying to achieve with the TECH Project. We have developed excellent relationships with LG Energy Solution and POSCO and look forward to building on these for years to come.”

LGES Global SCM Center Leader Dongsoo Kim commented,

“This is the most meaningful investment in our supply chain for LG Energy Solution since the company spun out from LG Chem. We believe the TECH Project will deliver sustainable nickel and cobalt production that is in line with LGES’ operating philosophy. And our proactive investments in the supply chain such as this will ultimately play a role in further satisfying our customers.”

POSCO Head of LiB Materials Business Office Seokmo Chung commented,

“We are delighted to co-invest with LG Energy Solution in Queensland Pacific Metals. We look forward to building our relationship with QPM and assess other business opportunities that may arise between QPM and POSCO.”

This announcement has been authorised for release by the Board.

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