

## September 2022 Quarterly Report

### Highlights

- ✓ Feasibility study on track for Q4 release, aiming for November.
- ✓ TECH Project approvals in the final stages of process – on track to be obtained in Q4.
- ✓ Subsequent to quarter end, watershed investment and offtake agreement executed with General Motors.
- ✓ Offtake agreement incorporates both initial Stage 1 of the TECH Project and also Stage 2, demonstrating growth potential of QPM.
- ✓ Strong political engagement and endorsement from both Federal and State governments.

Queensland Pacific Metals Ltd (ASX:QPM) (“QPM” or “the Company”) is pleased to present a summary of activities from the September 2022 quarter.

### Investment and Offtake Agreement with General Motors

During the quarter, there was an extensive focus and allocation of resources from QPM towards the investment and offtake agreement with General Motors (the “Transaction”). This included facilitation of technical, commercial, legal and financial due diligence and negotiation of binding agreements.

As foreshadowed in the previous June 2022 Quarterly Report, QPM had been in discussions with numerous potential offtakers. Throughout these discussions, it became apparent to QPM that the optimum partner and nickel/cobalt offtaker for the TECH Project was General Motors. Subsequent to quarter end, QPM finalised and announced the Transaction (refer to ASX announcement 12 October 2022).

The Transaction with General Motors represents the start of a long term strategic collaboration between the two companies. Subject to making a further investment, General Motors will secure all uncontracted nickel and cobalt offtake from Stage 1 of the TECH Project and from a Stage 2 expansion.

Under the Transaction:

- General Motors has made a conditional investment commitment of up to US\$69m (A\$108m) by way of equity subscription for ordinary shares in QPM comprising:
  - Initial investment of US\$20.1m at A\$0.18 per share (Tranche 1 settled and Tranche 2 is subject to QPM shareholder approval) (“Initial Investment”); and
  - Subsequent investment of balance of equity commitment, subject to shareholding not exceeding 10%, when QPM undertakes an equity capital raising in conjunction with a Final

Investment Decision (“**FID**”) for construction of Stage 1 of the TECH Project (“**FID Investment**”).

- Upon undertaking the Initial Investment, General Motors secures an option to purchase all uncommitted nickel and cobalt production for the first 15 years of Stage 1 of the TECH project; and
- Upon undertaking the FID Investment, General Motors’ option extends to life of project for Stage 1 of the TECH Project and any Stage 2 expansion.

QPM has previously stated that successful commercialisation of the DN<sub>i</sub> Process™ would revolutionise how the limonite portion of a nickel laterite ore body is processed. With an abundance of known limonite deposits around the world, the DN<sub>i</sub> Process™ could be used to process ore from these deposits and increase global nickel and cobalt supply and help meet the forecast growth in demand for these critical minerals as a result of the rapid growth in the electric vehicle market.

### Stage 2 Expansion

Whilst QPM’s primary focus has been on Stage 1 of the TECH Project, on the back of the Transaction, QPM will now advance work streams relating to a Stage 2 expansion. This includes:

- Optimising layout of Stage 1 of the TECH Project to best facilitate an expansion;
- Identifying and securing additional laterite ore;
- Identifying and assessing capital and operating cost synergies for Stage 2; and
- Assessment of requisite approvals required.

### QPM Visit to General Motors in Detroit

After execution of the Transaction, QPM personnel including Chairman John Abbott and MD and CEO Dr Stephen Grocott visited General Motors in Detroit. The visit helped consolidate the growing relationship between the two companies. QPM was also afforded the opportunity to tour some of General Motors’ facilities and applauds the work they are undertaking with respect to electric vehicle development and production.



*(L-R) Tom Cooney – Vice President of Global Public Policy, General Motors; Tony Davis – Australia’s Trade and Investment Senior Executive Leader of North and Latin America; Chris Elstoft – Consul General, Australian Consulate; Jeff Morrison – Vice President of Global Purchasing and Supply Chain, General Motors; Dr. Stephen Grocott – Managing Director and CEO, QPM; Josh Riley – Consul General & Senior Trade and Investment Commissioner; Jennifer Loffredo – US international trade specialist.*

## Feasibility Study

During the quarter, QPM continued to progress through the Feasibility Study for the TECH Project. Although there was a diversion of some key study resources to facilitate the General Motors due diligence, QPM is still on-track to complete the Feasibility study in Q4, with the target of a November release to the market.

Throughout the quarter, QPM and lead study engineer Hatch continued to work closely with major equipment vendors on design and costing of equipment. Towards the end of the quarter, initial capital estimates for major equipment were being provided to QPM and the task of compiling the capital estimate for Stage 1 of the TECH Project was advancing.

Activities relating to operating costs of the TECH Project are also nearing completion. IDEAS, Aspen and SysCAD modelling for the TECH Project is essentially complete, providing physical consumption estimates of consumables which drive cost of gas, acid and other reagents. Tenders for key services required for the TECH Project, such as logistics, are also at an advanced stage.

Independent review of the processing flowsheet has been undertaken throughout the entire Feasibility Study. Independent review will also be undertaken of capital and operating costs.

## High Purity Alumina Update

Significant progress has been made on the construction of the Lava Blue demonstration plant. However, construction completion will be delayed due to significant delays in fabrication and delivery of some equipment, in particular items that have been sourced out of China which have been impacted by lockdowns. Expected completion is now estimated at December.

QPM personnel attended a site visit of the demonstration plant. Key outtakes include:

- Safety systems are well designed and fabricated;
- The scale of the demonstration plant will be large enough to comfortably produce 100kg of 4N HPA which QPM has requested for technical work and offtake marketing;
- Input and engagement of QUT staff is positive; and
- Process Design Criteria of a commercial scale plant should be able to be obtained from the operation of the demonstration plant.





*QPM's Boyd Willis standing outside the pilot plant*



*Hydrochloric acid gas manifold*



*Aluminium chloride hexahydrate decomposer*



*QPM's John Reuter standing beside the final HPA calciner*



*Michael Ford (Lava Blue) standing on the mezzanine above the hydrometallurgical pilot plant area*

## Project Approvals

Project approvals for the TECH Project are now at an advanced stage and are expected to be granted in Q4.

### **Federal Approvals – EPBC Act**

The assessment of the referral under the Commonwealth Environment Protection and Biodiversity Conservation Act 1999 (“**EPBC Act**”) is well advanced with QPM reviewing and negotiating conditions associated with the proposed approval. Initial conditions received in correspondence from the Department of Climate Change, Energy, the Environment and Water did not appear onerous and QPM is confident in obtaining approvals.

### **Queensland Approvals – Material Change of Use Development Application (“MCU DA”)**

The assessment of QPM’s MCU DA is also well advanced with QPM reviewing and negotiating conditions associated with the proposed approval. QPM received draft Environmental Authority conditions from the Department of State Development, Infrastructure, Local Government and Planning. The next stage is for QPM to meet and discuss conditions with each relevant State government department before receiving final approval under the MCU DA.

## Political Engagement

QPM’s engagement with key political stakeholders ramped up significantly during the quarter. Support of the TECH Project from all levels of government will be critical as QPM progresses towards a Final Investment Decision.

The Transaction with General Motors has assisted in raising the profile of the TECH Project within government. QPM is pleased and thankful to have received acknowledgement from key political

stakeholders regarding the Transaction including:

- Joint Ministerial Statement release by Senator the Hon Don Farrell (Minister for Trade and Tourism and Deputy Leader of the Government in the Senate) and the Hon Madeleine King MP (Minister for Resources and Northern Australia);
- Ministerial Statement by Premier of Queensland the Hon Anastacia Palaszczuk during Queensland Parliament sitting; and
- Ministerial Statement by Treasurer and Minister for Investment the Hon Cameron Dick during Queensland Parliament sitting.

## Cash and Corporate

Cash at the end of the quarter was \$16.7m. This has been increased by General Motors' initial investment under the Transaction which was received subsequent to quarter end.

## Additional ASX Information

**ASX Listing Rule 5.3.1:** Exploration and Evaluation during the quarter was \$8.5m. 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 2022 are detailed in the table below.

TENEMENT ID	STATUS	APPLIC DATE	GRANTED DATE	EXPIRY DATE	HOLDING	NAME	REGISTERED CO.
EPM27035	GRANTED	28 Aug 2018	12 Feb 2021	12-Feb-23	100%	Serpentine Ridge	QPM Tech Project Pty Ltd
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	\$312,912	Director and consulting fees paid to Directors and/or Director related entities



*This announcement has been authorised for release by the Board*



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**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 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(12,885)	(12,885)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,707)	(1,707)
(e) administration and corporate costs	(1,406)	(1,406)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	21
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	1,088	1,088
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(14,890)</b>	<b>(14,890)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(13)	(13)
(d) exploration & evaluation	(42)	(42)
(e) investments	-	-
(f) other non-current assets	-	-



Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(55)</b>	<b>(55)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	243	243
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(2)	(2)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(36)	(36)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>205</b>	<b>205</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	31,383	31,383
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(14,890)	(14,890)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(55)	(55)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	205	205

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	91	91
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>16,735</b>	<b>16,735</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	16,735	31,383
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>16,735</b>	<b>31,383</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(312)
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	\$312,912

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

7. <b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(14,890)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(42)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(14,932)
8.4 Cash and cash equivalents at quarter end (item 4.6)	16,735
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	16,735
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	1.1
<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: Yes. QPM received \$20.1M USD from GM for an equity subscription in October 2022, with an additional \$48.9M to be receipted upon successful FID.	
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: In order to aid QPM's plans to construct the TECH Project, QPM secured a conditional commitment of up to US\$69M (this includes the initial binding commitment of US\$20.1M) from GM in October 2022.	

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

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: Yes. QPM received an additional capital injection of \$20.1M in October 2022 in addition to conditional financing support from EFA, NAIF and K-Sure for \$500M AUD, \$250M AUD and \$190M USD, respectively.

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: 31 October 2022

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.