

## QPM to Focus on Gas and Energy Growth

### Highlights

- ✓ **Following a review of QPM's assets and strategy, the Board has resolved that the Company's core focus will immediately switch to accelerating the growth and development of its gas and energy assets. The Board believes that the acquisition and successful turnaround of the Moranbah Gas Project ("MGP") has created a unique platform that will deliver exceptional shareholder returns through:**
  - **Leveraging the MGP's production and reserve base to meet the urgent need for new gas supply and electricity firming generation capacity in Eastern Australian.** Recent forecasts by The Australian Energy Market Operator ("AEMO") highlight imminent gas supply shortfalls in Eastern Australia and the need for new gas fired generation capacity to support the grid's transition to renewables and replace scheduled coal fired power station closures.
  - **Accelerating the turnaround of the MGP, increasing production, reserves and coal mine waste gas supply.** Since QPM's acquisition of the MGP in August 2023, we have delivered strong production growth and developed a portfolio of significant, additional growth options.
  - **Participating in the National Electricity Market.** QPM is already a participant in the NEM through its dispatch of the Townsville Power Station and is actively developing a portfolio of peaking and baseload generation in Moranbah based around our existing infrastructure and assets.
- ✓ **In response to challenging nickel and battery metal market conditions, QPM will limit further expenditure on the TECH Project. However, the Company will continue to work with Government and key stakeholders to advance the TECH Project and maximise value for shareholders.**
- ✓ **QPM Energy's CEO, David Wrench, has been appointed as CEO of QPM to lead the Company's transition and other Board changes have also been implemented.**

Queensland Pacific Metals Ltd (**ASX:QPM**) ("**QPM**" or "the **Company**") is pleased to present an update on its strategic direction.

### Strategic Direction and Focus on Gas

In response to current nickel market conditions and the prospectivity of gas and power generation in Australia, QPM conducted a strategic review of the Company's direction and activities.

The key conclusions of the review were:

- There is strong potential to deliver exceptional shareholder returns by accelerating growth of the QPM Energy business, particularly in light of recent published forecasts by AEMO which highlight supply gaps in East Coast Australia gas and an imminent need for new firming capacity and

electricity generation to replace the 62% of existing coal power plants expected to close before 2033; and

- The current nickel price and macro-economic conditions of the battery metals sector in general would make it challenging to fund the on-going development and construction of the TECH Project.

Accordingly, the Board has resolved to immediately re-focus the QPM business to preserve and grow shareholder value in line with our foundational values of environmentally sustainable development.

QPM Energy will become the Company's core priority as the Board believes that the QPME assets have the potential to generate exceptional returns for shareholders through:

- Accelerated development of production and reserves at the Moranbah Project which has substantial, uncontracted gas reserves giving it the capacity to deliver large volumes of gas into the Eastern Australian market;
- A focus on carbon emission reduction through collection and beneficial use of mine waste gas, which is a growing problem for coal miners in the region trying to meet their emissions targets;
- Provision of firming electricity services to the National Electricity Market to support the grid's transition to cleaner energy; and
- Development of new market opportunities to supply gas to commercial and industrial users in Queensland and abroad.

Since acquiring the Moranbah Project in August 2023, QPM Energy has already delivered strong production growth. QPM Energy is currently undertaking further production growth initiatives to grow gas supply to 35TJ/day by the end of 2024 including:

- Drilling and completion of 7 new wells by year end;
- Additional well workovers to increase the field's producing well count by returning existing off-line wells to production; and
- Gathering system optimisation activities.

The change in focus will provide additional resources for QPM Energy to accelerate, advance and execute other production growth and value-adding opportunities including:

- Increasing production from third party supply of mine waste gas from regional coal mines;
- Development of a portfolio of new baseload and peaking generation located at the Company's Moranbah facilities. This flexible generation portfolio is intended to use waste coal mine gas and MGP production to supply up to 300MW of power to the NEM; and
- Development of compressed natural gas and micro-LNG facilities in Moranbah and Townsville to distribute gas to North Queensland energy users.

## Corporate Restructure and Position

Incumbent QPM Energy CEO David Wrench has been appointed as CEO of parent company QPM and will lead the growth of the gas and energy business. In a short period of time, Mr Wrench has already led a significant turnaround of the Moranbah Project and has extensive gas experience having been one of the original founders of this asset when it was first developed over 20 years ago. A summary of his Executive

Remuneration can be found in the appendix.

In other Board changes:

- Chairperson John Abbott will step down and remain as a Non-Executive Director;
- Managing Director and CEO Dr Stephen Grocott will also transition to a Non-Executive Director and continue to progress the TECH Project;
- Executive Director John Downie has retired from executive duties and will remain as a Non-Executive Director; and
- Non-Executive Director Ariel “Eddie” King will be appointed as Interim Chairperson.

The Company thanks Mr Abbott, Dr Grocott and Mr Downie for their immense and tireless contributions and look forward to their ongoing involvement. It is the intention of the Board to undertake a search for a new Chairperson and also to consider the existing skillset and experience of the Board with the view of potentially strengthening the Board to guide the Company forward on its new energy focussed direction.

The Company also intends to undertake a name change in the near future, which will be subject to shareholder approval.

As at 31 March 24, the Group’s cash and cash equivalents balance totalled \$30.6M. This includes, \$11M of restricted cash related to the Incitec Pivot funding arrangements and \$1.2M prepayment required under current contractual arrangements with the Townsville Power Station.

## TECH Project

As disclosed in the December 2023 Quarterly Report, expenditure on the TECH Project has already been significantly reduced.

The Company recognises that there is significant underlying value in the TECH Project, particularly when there is an improvement in nickel market conditions. The Company has and will continue to work with key stakeholders and government to secure alternative funding solutions and pathways to advance the TECH Project that do not impact the QPM Energy business and growth strategy.

## Comments

Incoming CEO David Wrench commented,

*“Since completing the acquisition of the Moranbah Project, we have uncovered many exciting opportunities to grow production, reserves and customer sales. Accelerating these opportunities will position QPM Energy to take advantage of the tailwinds in the Australian gas and energy sector to deliver value for shareholders.”*

Outgoing CEO Dr Stephen Grocott commented,

*“In light of underlying nickel market conditions, this is the right decision for the Company. History shows that nickel is a cyclical commodity and I look forward to working with the Company and key stakeholders to secure a pathway forward for the TECH Project. The underlying attractiveness of a low cost, clean nickel supply remains compelling over the next years.”*

## Shareholder Webinar

The Company will hold a shareholder webinar on Wednesday 24<sup>th</sup> April 11:00am EST where David Wrench will speak about the new strategic direction. Shareholders can register using the link below.

[https://janemorganmanagement-au.zoom.us/webinar/register/WN\\_rgT9Y8ebR3CjqiAtgwc95g](https://janemorganmanagement-au.zoom.us/webinar/register/WN_rgT9Y8ebR3CjqiAtgwc95g)

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



ASX: QPM | ACN:125 368 658

For Further Info: P: +61 7 3517 5900 | E: info@qpmetals.com.au | W: www.qpmetals.com.au

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

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## Appendix – Summary of CEO Contract

- Base salary of \$520,000 + super per annum
- Mutual 6 month notice period for termination
- Performance rights to be issued per the table below:

Class	Number	Condition	Expiry Date
A	1,333,333	The Class A Performance Rights will vest as follows: (a) 50% of the Class A Performance Rights vest in the event the Company has zero Recordable Injuries during the financial year ending 30 June 2025; and (b) 50% of the Class A Performance Rights vest in the event the Company records zero Environmental Incidents classified as greater than Level 1 during the financial year ending 30 June 2025.	1 August 2025
B	1,333,333	The Class B Performance Rights will vest as follows: (a) 50% of the Class B Performance Rights vest in the event the Company records zero Recordable Injuries during the financial year ending 30 June 2026; and (b) 50% of the Class B Performance Rights vest in the event the Company records zero Environmental Incidents classified as greater than Level 1 during the financial year ending 30 June 2026.	1 August 2026
C	1,333,333	The Class C Performance Rights will vest as follows: (a) 50% of the Class C Performance Rights vest in the event the Company records zero Recordable Injuries during the financial year ending 30 June 2027; and (b) 50% of the Class C Performance Rights vest in the event the Company records zero Environmental Incidents classified as greater than Level 1 during the financial year ending 30 June 2027.	1 August 2027
D	6,000,000	The Class D Performance Rights will vest upon the Company's share price achieving a VWAP of \$0.05 per share (or more) for a period of no less than 15 consecutive ASX trading days (where trading in the Company's shares actually occurs).	Three (3) years from the date of issue
E	6,000,000	The Class E Performance Rights will vest upon the Company's share price achieving a VWAP of \$0.10 per share (or more) for a period of no less than 15 consecutive ASX trading days (where trading in the Company's shares actually occurs).	Three (3) years from the date of issue
F	6,000,000	The Class F Performance Rights will vest upon the Company's share price achieving a VWAP of \$0.15 per share (or more) for a period of no less than 15 consecutive ASX trading days (where trading in the Company's shares actually occurs).	Three (3) years from the date of issue
H	6,000,000	The Class H Performance rights will vest upon the Company's average daily gas supply equalling or exceeding 30 TJ/day measured over any rolling 7-day period.	One (1) year from the date of issue
I	6,000,000	The Class I Performance rights will vest upon the Company's average daily gas supply equalling or exceeding 35 TJ/day measured over any rolling 7-day period.	Three (3) years from the date of issue
J	6,000,000	The Class J Performance rights will vest upon the Company's average daily gas supply equalling or exceeding 40 TJ/day measured over any rolling 7-day period.	Three (3) years from the date of issue