



Strategic Partnership Between QPM Energy and Carbon Logica

Highlights

- ✓ QPM Energy and Carbon Logica have agreed a Strategic Partnership, bringing together complementary skills and financing capabilities to accelerate development of carbon abatement projects in the Northern Bowen Basin ("NBB");
- ✓ The Partnership will greatly assist in delivering secure gas supply to the TECH Project and in confirming QPM's independently verified CO₂ NEGATIVE production of battery metals for the electric vehicle sector;
- ✓ The partners are already working on a pipeline of projects across the NBB with near term development potential. Carbon Logica's strategy is to invest in the infrastructure associated with the capture, transport and beneficial use of waste mine gas;
- ✓ Both companies have a clear goal of providing carbon abatement solutions to enhance the sustainability of the steelmaking coal industry in the NBB;
- ✓ Cornerstone shareholders in Carbon Logica have a long track record of investing in carbon abatement projects and have identified the NBB as a new area of investment potential.

Queensland Pacific Metals Limited's ("QPM") wholly owned subsidiary, QPM Energy Pty Ltd ("QPME"), is delighted to announce the signing of a Strategic Partnership with Carbon Logica Pty Ltd ("CL") to jointly develop and invest in carbon abatement projects for mines in the NBB.

Strategic Partnership

The Partnership brings together the critical skill sets and financing capabilities from both organisations needed to successfully develop projects that reduce carbon emissions from the resource industry and improve the security of gas supply to QPM's TECH project in Townsville.

CL is a private company that was established to provide carbon abatement services to the resources industry and is jointly owned by the Xcoal Group ("Xcoal") and Belmont Energy ("Belmont").

- Xcoal has extensive experience supplying coal to steel producers and operating some of Australia's gassiest coal mines within the Bowen Basin.
- Belmont is one of Australia's leading biogas and carbon abatement firms specialising in reducing emissions from the agricultural and industrial manufacturing industry.

QPME has previously announced the development of the Carbon Abatement Project in the NBB (see ASX

Announcement dated 25th Nov 2022) which will be Australia's first multi-user, waste gas collection and processing facility. The Partnership is an extension of this project and is intended to accelerate its development through deployment of capital and securing agreements for waste coal mine gas collection and monetisation.

The high-quality steelmaking coal sourced from the NBB will be a critical element of the infrastructure development required to reach net-zero. However, these coals typically contain very high volumes of methane which is emitted during the mining process through:

- Direct methane release into the atmosphere from open pit coal mines; and
- Flaring and venting of gas pre-drained from underground mines ahead of coal extraction.

Through the development of regional infrastructure and projects which facilitate the capture and beneficial environmental and financial use of this waste mine gas, the Partnership will both reduce carbon emissions and facilitate industrial growth in Northern Queensland.

Key Terms of the Strategic Partnership

A summary of key terms are detailed in the table below:

| Area | Key Terms |
|-------------------------|--|
| Background | <ul style="list-style-type: none"> • QPME is developing the Carbon Abatement Hub, a gas supply chain for the TECH Project and other industrial users that will capture waste gas from metallurgical coal mines in the NBB and in doing so, reduce greenhouse gas emissions. • CL is developing its carbon abatement business in the NBB to provide solutions to coal miners. |
| Opportunities | <ul style="list-style-type: none"> • QPME and CL will jointly assess various opportunities of the Carbon Abatement Hub to commercialise the capture and sale of waste mine gas. • These opportunities include, but are not limited to, compressor facilities, generators, low and high pressure pipelines, mobile CNG tankers and projects for the beneficial use of waste mine gas. |
| CL Obligations | <ul style="list-style-type: none"> • CL will consider the provision of funding based on its assessment of each opportunity, having regard to CL's investment return hurdles. • CL will provide senior management input to QPME to support the Carbon Abatement Hub. |
| QPME Obligations | <ul style="list-style-type: none"> • QPME will provide CL with a first right to invest in any of these opportunities. • QPME will not solicit or engage with other third parties regarding these opportunities. |
| Termination | <ul style="list-style-type: none"> • Each party can terminate on 60 days notice for convenience. |

For the avoidance of doubt, there is currently no financial impact or outlay for QPM, QPME or CL. In assessing each opportunity that may arise, QPME and CL will negotiate in good faith and seek to enter into a commercial arrangement regarding that specific opportunity in a manner that is consistent with the Strategic Partnership. QPME and CL will bear their own costs in assessing any opportunity.

Comments

QPM's Managing Director and Chief Executive Officer, Dr Stephen Grocott, commented,

"We are delighted to form the Strategic Partnership with Carbon Logica. Through pairing our gas reservoir and development skills that sits within our wholly owned subsidiary QPM Energy with the highly capable Carbon Logica team, we are ideally placed to assist in reducing Queensland's carbon emissions, generating carbon abatement revenues and to help secure the energy required to produce negative carbon nickel and cobalt. The Carbon Logica team bring decades of experience in mining operations and mine gas management for our joint initiatives in the Northern Bowen Basin.

Carbon Logica's Managing Director, Scott Barker, commented,

"Steelmaking coal from the Bowen Basin will continue to play a significant role for global industry, including the building of infrastructure required to reach net-zero. Our cornerstone investors, Xcoal and Belmont, enable Carbon Logica to provide QPME the technical capability, funding, experience, and track record with mine operators to extract, transport and deliver waste coal mine gas for beneficial use. We are proud to be able to offer a solution to the resource industry that will see the waste gas produced from mining (methane) being used at the TECH project which produces nickel and cobalt for electric vehicles.

About Carbon Logica

Carbon Logica Pty Ltd is a private company established to provide carbon abatement services to the resource industry. CL is owned by Xcoal and Belmont. The business joins together Xcoal's extensive experience in operating and maintaining some of Australia's gassiest coal mines and Belmont's capability to own, operate and maintain carbon abatement technologies that reduce methane emissions. Management of CL have developed and operated the majority of Australia's waste coal mine gas generation fleet, consisting of ~300MW across Australia.

This announcement has been authorised for release by the Stephen Grocott.



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