

\$8m Queensland State Government Funding

Highlights

- ✓ Queensland Government will make available up to \$8m in the form of a grant to prepare the Townsville Energy Chemicals Hub ("TECH Project") for investment readiness.
- ✓ The Queensland Government grant is in addition to the recently announced \$8m grant received from the Australian Federal Government under the International Partnerships in Critical Minerals program.
- ✓ Upon execution of the respective grant agreements, QPM will commence to ramp up activities for the TECH Project to advance it to stage where it is ready for a Final Investment Decision.
- ✓ The combination of the two grants represents significant and non-dilutive funding for the TECH Project. In light of this, the QPM Board has resolved to formally commence evaluation of a demerger of the TECH Project from the QPM Energy business ("Demerger").
- ✓ The Board believes that QPM has two high quality projects that are currently undervalued in the existing corporate structure. A Demerger would allow both QPM Energy and the TECH Project to grow more efficiently and maximise value for shareholders.

Queensland Pacific Metals Ltd (ASX:QPM) ("QPM" or "the Company") is pleased to announce the receipt of an \$8m grant from the Queensland State Government.

Grant Funding

QPM refers to Media Statement published by the Honourable Scott Stewart, Minister for Resources and Critical Minerals on Friday 12th July¹. QPM has worked with the Queensland Government, which has previously declared the TECH project a Prescribed Project and a Significant Investment Project. As a result of this collaboration with the Queensland Government, the Hon. Scott Stewart announced that the Queensland Government will make available up to \$8m in the form of a grant to prepare the TECH Project for investment readiness. This is in addition to the \$8m grant recently awarded to the TECH Project under the Australian Federal Government International Partnerships in Critical Minerals program (refer to ASX announcement 11 July). The Queensland Government grant also satisfies the matched funding condition required under the Federal Government grant.

QPM will now work with Queensland Treasury to finalise an agreement for the delivery of the grant and will provide more information to shareholders when it is available.

¹ Refer to <https://statements.qld.gov.au/statements/100808>

TECH Project Activities

Over the past few years, QPM has made great strides in advancing the project to a stage where it is ready for a Final Investment Decision. The two grants represent a total of \$16m of non-dilutive funding which will facilitate QPM's ability resume technical workstreams for the TECH Project without impacting the QPM Energy business and QPM's group financial position.

Upon execution of the respective grant agreements, QPM will commence to ramp up activities on the TECH Project. This will put the TECH Project in a strong competitive position compared with other development stage nickel projects which have largely been halted. The grants will advance the TECH Project towards investment readiness, ready to capitalise on any positive sentiment change in the nickel market.

QPM Director Dr Stephen Grocott commented,

"Government support is essential for advanced manufacturing projects like TECH to be competitive on the global stage. We believe in the merits of the TECH Project with its gold standard sustainability credentials and world class partners. I would like to personally thank both the State and Federal Governments for their ongoing support, particularly at a time where it is most needed for critical minerals."

Demerger Process

The Board believes that QPM has two high quality projects that are currently undervalued in the existing corporate structure. This value gap results from the different market and return profiles of QPM's Energy business and the TECH Project that appeal to two quite separate investor groups.

The award of the two Government grants now provides the opportunity to demerge the TECH Project with funding in place to continue to progress towards commercialisation.

The QPM Board has resolved to evaluate a Demerger to separate ownership of the Moranbah Gas Project and the TECH Project. The benefits of this may include:

- Allow both projects to grow and create value independently;
- Creation of an attractive energy focussed investment vehicle and a separate, critical minerals focussed entity along with associated synergies; and
- Recalibration of Board and Management expertise for both businesses.

The QPM Board believes that the proposed Demerger could create two focused entities that will unlock a material increase in overall shareholder value.

This announcement has been authorised for release by the Board.



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