

QPM Energy Moranbah Project Operating Update

Highlights

- ✓ **Strong operating performance with no lost time injuries.**
- ✓ **Production increase from 22.9TJ / day to current rate of ~27TJ / day.**
- ✓ **Growing electricity generation at Townsville Power Station (“TPS”)**
- ✓ **Construction of new tie in points to directly connect pre-mining gas drainage wells at the Grosvenor and Moranbah North mines.**
- ✓ **8 well drilling program, 100% funded under the Dyno Nobel Deferred Funding Facility, to commence around April 2024.**
- ✓ **Developing further third party gas sale opportunities with industrial users in the Townsville region.**

Queensland Pacific Metals Ltd (**ASX:QPM**) (“**QPM**” or “the **Company**”) is pleased to present an update for wholly owned subsidiary QPM Energy (“**QPME**”) and the Moranbah Project.

Overview

In the 3 months since transfer of operatorship of the Moranbah Project, QPME has focussed on maintaining safe and stable operations in parallel with implementation of a series of production optimisation and improvement initiatives. Pleasingly, operating transition has been very successful with contract operator, GR Production Services, establishing a strong management and operating team. A focus on implementation of good gas field operating practices has delivered improved field performance with zero lost time injuries.

Furthermore, QPME has initiated a series of activities across the field with positive early results resulting in steady production growth in line with QPME’s strategy.

Gas Production and Supply

Gas production and supply currently sits at ~27TJ/day. Highest daily production achieved to date was 27.4TJ, a 19.6% increase from the 22.9TJ/day rate at completion of the acquisition. Key activities that have driven this increase are:

- **Improved operating practices:** QPME and GRPS have implemented a number of operating and maintenance improvements which have led to increased well and compression availability;
- **Well operating procedure:** A new well operating procedure has been adopted, which together with correct calibration of well control systems, has resulted in improved gas flow and well stability;
- **Well workovers:** In October, QPME commenced a work over program to return non-producing

wells to production. So far 7 wells have been returned to production with post workover gas flow rates above expectation. The first 4 wells have already added production of around 1.6TJ/day with the next 3 wells in early stages of dewatering. QPME estimates that the cost of each workover will be recouped in less than 2 months. The initial workover program targeted 10 wells which will be completed by year end, however, given the success of the program to date, additional non-producing wells have been identified and the program will be extended into 2024; and

- **Third party gas supply:** QPME has completed construction of 5 new tie in points which enable gas produced by Anglo American (operator of the Moranbah North and Grosvenor underground metallurgical steel making coal mines) to be connected into the Moranbah Project's gas gathering system. QPME and Anglo American have collaborated on locating these new tie points to ensure waste mine gas produced during Anglo American's extensive pre-mining drainage program at both operations can be directly connected. QPME expects increased gas flow from these tie points as new wells are brought on line by Anglo American over the next 6 months.



Figure: One of the QPME tie in points

QPME is targeting further production growth through 2024 with contributions from continued well workovers, increased third party gas supply and an eight well drilling program funded by Dyno Nobel under the Development Funding Facility.

The wells are located in an area where Arrow drilled some highly productive wells in their most recent drilling campaign. Design work for the program has been completed and an AFE for procurement of long lead items has been approved for funding by Dyno Nobel. The program is expected to commence in April 2024 and be completed by November 2024.

Electricity Generation

The increase in gas supply has allowed QPME to run TPS more frequently, generating and dispatching more

electricity. Initially, due to limited gas supply, QPME dispatched TPS in open cycle mode, using the 160MW gas turbine. During November, QPME has increased gas production sufficiently to commence operation of TPS in combined cycle mode, utilising the gas turbine and the 82MW Heat Recovery Steam Generator.

Period	TPS Run Time (Hours)	Electricity Generated (MWh)
September	46.08	6,621
October	60.92	9,307
November through to 27 Nov	78.83	12,552

As the transition from spring to summer weather patterns progresses, Queensland electricity market prices and volatility are increasing. The combination of TPS generation capacity and the gas storage available in the North Queensland Gas Pipeline allows QPME to capitalise on this volatility. For example, on 16th November, one such event occurred and TPS generated \$551,422 of revenue including \$175,164 during a 5 minute interval where prices reached \$9,810/MWh (unaudited).

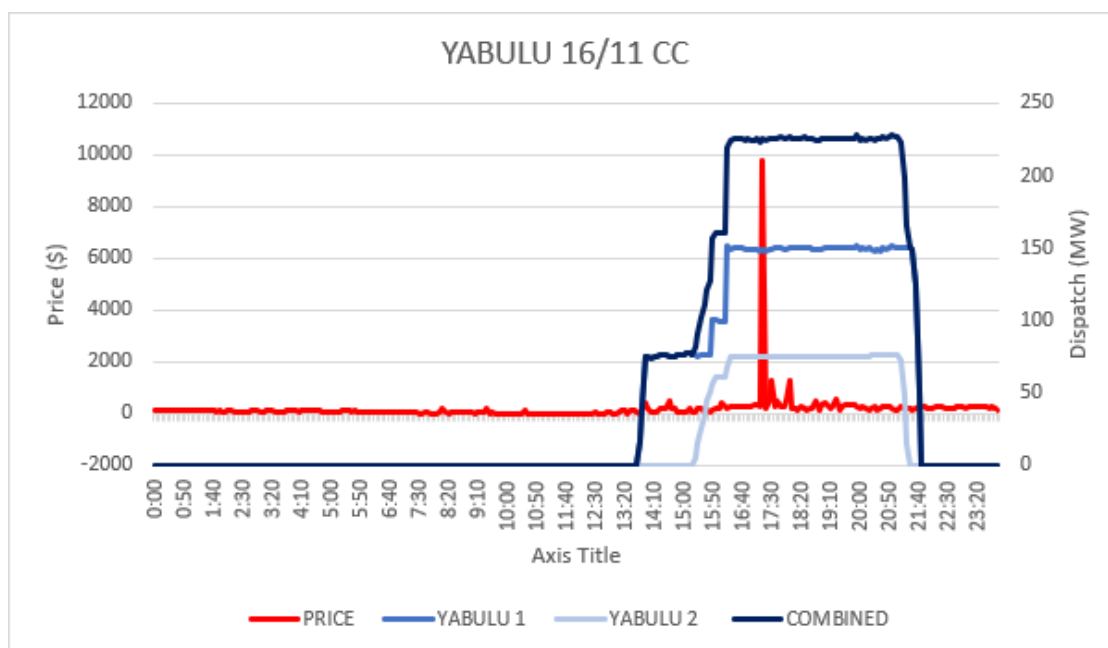


Figure: 16/11/23 TPS electricity generation and Qld market pricing – typical example of a price spike

Third Party Gas Sales Market Development

In addition to supplying gas to the TECH Project, QPME is seeking to expand its' customer base. Based on production growth already achieved and further increases expected through 2024, QPME has started to develop opportunities for additional third party sales.

These opportunities are focussed on gas supply to industrial users and increased peak electricity generation capacity through establishment a low emissions Energy Hub at the TECH Project site in Lansdown. The Energy Hub will facilitate significant de-risking of gas supply to the TECH Project through accelerated development of gas and energy infrastructure as well as facilitate gas supply to third party customers in the immediate term.

At the Energy Hub, QPME will seek to assess and establish:

- Compressed natural gas (“**CNG**”) supply: QPME already has strategically purchased high quality, second hand CNG equipment.
- Liquefied natural gas (“**LNG**”) supply: QPME’s contract operator GRPS has undertaken significant feasibility work with regards to micro-LNG.
- Hydrogen-ready firming power supply: Gas turbines that can also use hydrogen fuel can be established at Lansdown to supply the peaking electricity market and also ultimately provide power to projects within the Lansdown precinct.

QPME has already executed a Memorandum of Understanding regarding working together to establish gas supply from QPME with:

- Ravenswood Gold for its Ravenswood Gold mine; and
- Agripower for its silicon fertiliser project in Charters Towers.

Comments

QPME CEO David Wrench commented,

“ We are delighted with the way our acquisition of the Moranbah Project and transition to operatorship has progressed over the last 3 months. The rapid turnaround in production we have seen has validated our operating strategy and has identified further upside as we build a profitable energy business.”

This announcement has been authorised for release by the Board.



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