



QPM launches Isaac Energy Hub to support Queensland's Energy Transition

Stage 1 - 112MW Gas Fired Power Station

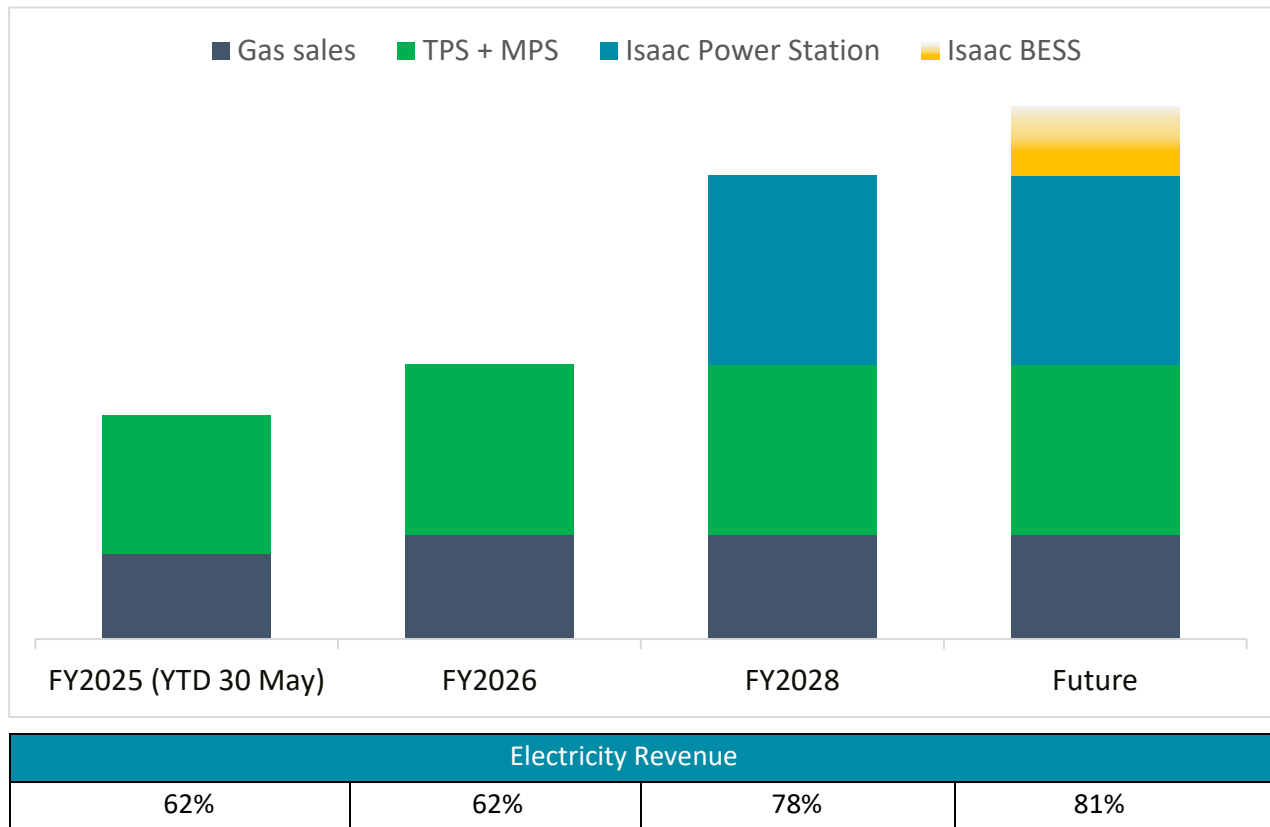
Highlights

- ✓ QPM to expand its energy business through the development of new electricity generation and energy storage assets to complement QPM's existing Moranbah gas production and infrastructure assets – the Isaac Energy Hub ("IEH").
- ✓ The IEH will be a unique energy asset that will deliver flexible, controlled electricity generation and long duration energy storage to support Queensland's ongoing transition to a low carbon electricity network.
- ✓ Stage 1 of the IEH will be the development of the Isaac Power Station ("IPS"), a 112MW gas fired power station with a target commissioning date of mid-2027.
- ✓ A Feasibility Study for the IPS has been completed with the following key outcomes:
 - Average annual revenue of \$71m and operating margin of \$49m over a 30 year life (real basis)
 - Capital Cost \$196m excluding contingency
 - Intermediate dispatch profile (peak and shoulder) of 10 hours per day
 - Underpinned by QPM's 435PJ of 2P gas reserves and will be co-located with QPM's existing Moranbah Gas Processing and Compression Facility
- ✓ Project delivery and schedule substantially de-risked through procurement of 2 x 55.8MW gas fired aeroderivative turbines from GE Vernova under a fixed price contract.
- ✓ RBC Capital Markets appointed as QPM's financial adviser to arrange project development funding.
- ✓ Well supported capital raising completed to facilitate the procurement of critical long lead items for the IPS (see ASX announcement 27 June 2025)

Overview

QPM Energy Limited (**ASX:QPM**) ("**QPM**" or "**the Company**") is pleased to update shareholders on the next stage of the Company's energy growth strategy through the development of the IEH. Stage 1 of the IEH will be the construction of the IPS, a 112MW gas fired generation facility, with a target commission date of mid-2027. IPS will increase QPM's portfolio of dispatchable generation to 284MW and provide the platform for further expansion towards our target of 500MW.

The IPS will enable the Company to increase both revenue and earnings with over 75% of the group's revenue from electricity sales.



CEO Comment

CEO David Wrench commented,

"It's clear that flexible, gas fired generation will be critical to help firm the grid as part of the energy transition. The development of the Isaac Power Station is a major step forward in QPM's strategy to build a scalable and reliable utility Company."

"With gas turbines secured, substantial gas reserves and low-cost production, and co-located infrastructure, QPM Energy is well positioned to fast track the delivery of reliable, dispatchable energy generation supply to the market with strong long-term margins. The development of the Isaac Power Station will support Queensland's energy transition, meeting the State Government's call for more gas fired generation"

IPS Feasibility Study Overview

QPM has completed a Feasibility Study using external engineering firms and technical consultants on the 112MW IPS. The total capital cost of the project is estimated at \$196m (\$215m including contingency) with a 24 month development and construction timeline from Final Investment Decision ("FID"). Achieving FID this year would facilitate commissioning of the IPS in 2027.

A summary of the results of the Feasibility Study is tabled below:

Capacity	Stage 1 capacity of ~112MW Potential to expand to ~300MW
Generation Units	2 x 55.8MW GE LM6000 gas turbines
Gas Supply	11TJ / day, ~4.0PJ / year
Gas Consumption	1.1TJ / hour
Output / Operational Hours	~383,000MWh per annum (after losses) / 10 hours per day
Capital Cost	\$196m (\$215m including contingency)
Revenue	\$71m per annum
Operating Cost (ex-gas supply)	\$4-5m per annum
Gas Supply Cost	\$4.50/GJ (\$18m per annum) based on internal supply cost from MGP This is an intercompany transaction with the cost of gas supply being paid to a related QPM entity
Short Run Marginal Cost	\$59/MWh
Operating Margin	\$49m per annum

More detailed information and key assumptions can be found in Appendix A.

Financing Process

QPM has appointed RBC Capital Markets as its financial adviser to arrange development capital for the project. Advanced discussions are in progress with lenders, infrastructure investors and energy market participants regarding a financing package designed to fund the project's capital costs.

Gas Turbines Secured

Unprecedented global demand for gas fired generation to power the rapid development of data centres and AI processing has resulted lead times of over 5 years for delivery of new gas turbines. S&P Global reports procurement lead times up to 7 years for some models¹.

To underpin the development of the IPS, QPM has entered into a fixed price contract for 2 x 55.8MW gas fired aeroderivative turbines with GE Vernova. This key contract significantly de-risks delivery, capital cost

¹ <https://www.spglobal.com/commodity-insights/en/news-research/latest-news/electric-power/052025-us-gas-fired-turbine-wait-times-as-much-as-seven-years-costs-up-sharply>

and the development schedule for the project.

Business Update and FY2026 Guidance

The overhaul of Townsville Power Station (“TPS”) commenced at the end of March 2025 and remains on track for return to service in July. The major overhaul will allow the TPS to operate for another 1,250+ starts before the next overhaul is due.

In anticipation of the commissioning of the TPS and return to service, QPM has commenced ramping up gas production and increasing gas inventory in the North Queensland Gas Pipeline (“NQGPP”).

The return to service of TPS will coincide with the commencement of new commercial agreements for both the TPS and NQGPP (refer to ASX announcement 4 December 2024). The terms of these agreements will deliver significant savings to QPM compared with historical agreements.

QPM’s FY2026 guidance is tabled below:

FY2026 Guidance ¹	Units	Lower Range	Upper Range
Total gas supply	PJ	10.6	11.3
Daily average gas supply	TJ/day	29	31
Gas sales	PJ	7.4	7.4
Electricity dispatch	MWh	~180,000	~210,000
Gas field open & royalties	\$m	44.4	45.0
Gas transport & electricity generation costs (including Ratch revenue share)	\$m	33.0	37.9
Gas field unit operating cost	\$/GJ	4.19	3.98
Total gas field & infrastructure cost	\$/GJ	7.31	7.32

¹ Note actual results will depend on:

- Actual date of return to service of TPS;
- Queensland National Electricity Market (“NEM”) wholesale electricity prices, particularly during the peak periods when QPM generates electricity at TPS and Moranbah Power Station (“MPS”); and
- Third-party gas supply quantities.

This announcement has been authorised for release by the Board.



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Appendix A – Detailed IPS Information

Isaac Energy Hub Location

The IEH will be situated on a ~60 acre landholding owned by QPM within PL 191. It is co-located with the MGP compression facility, which will undertake the gas processing and delivery services to be provided to the IEH.

The IPS will be located on a cleared area which has suitable ground conditions, as confirmed by geotech work completed by QPM. From this location, a 2km transmission line will be required to connect to Powerlink Queensland (“PLQ”) Moranbah 132kV substation.



Stage 1 112MW Isaac Power Plant Overview

Stage 1 of the IPP will consist of 2 x 55.6MW LM6000 aeroderivative gas turbines from GE Vernova. These LM6000 gas turbines are proven conventional technology that are deployed all over the world with more than 1,200 units installed globally of which 35 are operating in Australia currently. They are able to reach full load within 5 minutes of starting. Compared with other turbines and reciprocating engines, the LM6000 are relatively cheaper to operate and maintain over the life.

The LM6000 aeroderivative gas turbines are ideal for peaking and base load generation and grid firming applications with the ability to start and stop multiple times per day if required. The units are also long-life assets, with first major overhauls not required until after ~7 years of operation under QPM's feasibility study assumptions.

Gas Supply

Stage 1 of the IPS will consume ~1.1TJ / hour. QPM plans to supply ~11TJ / day to the IPS sourced from the

MGP. One of the benefits of the LM6000 is that it can also be operated on non-pipeline spec gas that is 50%+ methane content. This is a future upside opportunity for the IPS, as it could be operated on waste coal mine gas collected by QPM that cannot be fed into the NQGP.

Approvals

QPM is progressing the development and environmental approvals required to construct and operate the IPS noting that it will be located on a brownfield site within PL191 where QPM is currently operating its gas processing and compression facility.

Grid Connection

The IPS will be connected to the NEM and will be able to export electricity produced directly to the wholesale market in a similar manner to current TPS and MPS dispatch.

PLQ has a substation that is located within 2km from the proposed IPS location. QPM has commenced a grid connection process with PLQ which is targeting receipt of an “Offer to Connect” around Q3/Q4 of this calendar year.

The IPS is an ideal project to be considered for grid connection as it delivers increased grid stability. This is a particular issue in Moranbah which has significant volatility in its load demand profile due to regional coal mining and industrial activity.

Operating and Financial Analysis

Operating Parameters

The feasibility study for Stage 1 of the IPS considers daily operation of 10 hours resulting in ~384,000MWh of electricity dispatch. The operating parameters are displayed in the table below:

	<i>Units</i>	<i>Feasibility output</i>
Nameplate generation capacity	<i>MW</i>	111.6
Modelled life	<i>Years</i>	30+
Hourly gas consumption	<i>TJ/hour</i>	1.0 – 1.1
Daily gas supply	<i>TJ/day</i>	11
Annual gas usage	<i>PJ</i>	4.0
Daily operating hours	<i>Hours</i>	10
Estimated losses	<i>%</i>	6%
Daily dispatchable output	<i>MW</i>	1,052
Annual electricity dispatch	<i>MWh</i>	~384,000

The operating parameters defined in the table above are taken from design specifications provided by GE Vernova for the LM6000 aeroderivative gas turbine. QPM's MGP gas field will supply the gas required to operate the IPS. Given the IPS will be located next to QPM's existing gas compression infrastructure, where field production already flows to, the capital cost to connect gas supply will be relatively low.

The operating parameter outputs from the feasibility study also take into consideration the specification of QPM's gas supply (95%+ methane content) and the ambient conditions of operating in Moranbah.

In line with QPM's existing electricity dispatch strategy from its other power stations, the IPS will dispatch electricity during the peak and shoulder windows of the 24 hour electricity price curve, where prices are strongest (see chart below in operating cost section).

The typical operating strategy for the IPS will be as follows:

- During Summer, electricity dispatch will likely take place starting from 5:00pm and run through for 10 hours;
- During Winter, electricity dispatch will likely take place starting from 4:30pm and run through for 8 hours. The IPS will then come online again in the morning to capture "Winter morning peak pricing" which is typically more pronounced at this time of the year; and
- During Autumn and Spring, QPM will adapt to underlying conditions and forecast electricity demand, supply and pricing as published by AEMO.

Heat and humidity are factors that drive the operating performance of the LM6000 and how much electricity is generated. Hotter and more humid conditions can degrade performance. However, QPM's operating strategy will result in the IPS not operating during the day time, which is the hottest time of the day, therefore limiting any performance degradation.

Capital Expenditure

The capital cost estimate for the IPS has been compiled by QPM Energy and its engineering consultants to a +/- 10% overall level of accuracy.

A firm offer for the two LM6000 units has been received from GE. This makes up the majority of the total capital cost of the project.

A summary of capital cost estimate is displayed in the table below:

\$m	Feasibility output
Generation units supply and installation	174.7
HV Grid Connection	11.2
Gas Supply	6.4
Owner's Costs	3.5
Total	195.8
Contingency	19.3
Total + Contingency	215.1

The capital cost estimates in the table above have been derived from:

- Fixed price contracts / quotations that have been procured by QPM or its engineering consultants;
- First principles build up from engineering, design and associated costings;
- Estimates of other gas fired generation projects; and
- QPM's operational experience from the MGP, TPS and MPS.

Revenue

The electricity price assumptions used are from the Base Case of an independent technical consultancy engaged by QPM to provide electricity price forecasts for the financing process being run by RBC Capital Markets. These electricity price assumptions are in line with historical performance of the MPS and TPS over similar daily operating windows.

The forward electricity price assumptions are the output of a comprehensive modelling exercise into the Queensland electricity market that takes into consideration:

- Gas, coal and carbon pricing;
- Electricity demand;
- Power generation capacity;
- Power generation mix;
- State interconnection assumptions;
- Volatility events;
- Coal power plant closures; and
- Development of new power generation.

From this modelling, annual electricity price forecasts have been generated and are utilised in the feasibility study.

	Units	Feasibility Value (Real \$)
Peak Power Price (4 hour daily window)¹	\$/MWh	227-264
Off Peak Power Price¹	\$/MWh	138-154
Average Annual Revenue	\$m	71
Average Annual Operating Margin	\$m	49

1. Electricity price forecasts from independent consultant

Operating Costs

Operating cost estimate for IPS has been compiled by QPM Energy and its engineering consultants. Excluding gas supply, the annual operating cost of the IPS is approximately \$4-5m per annum. This includes the cost of grid connection with Powerlink.

A summary of average annual operating costs are defined in the table below:

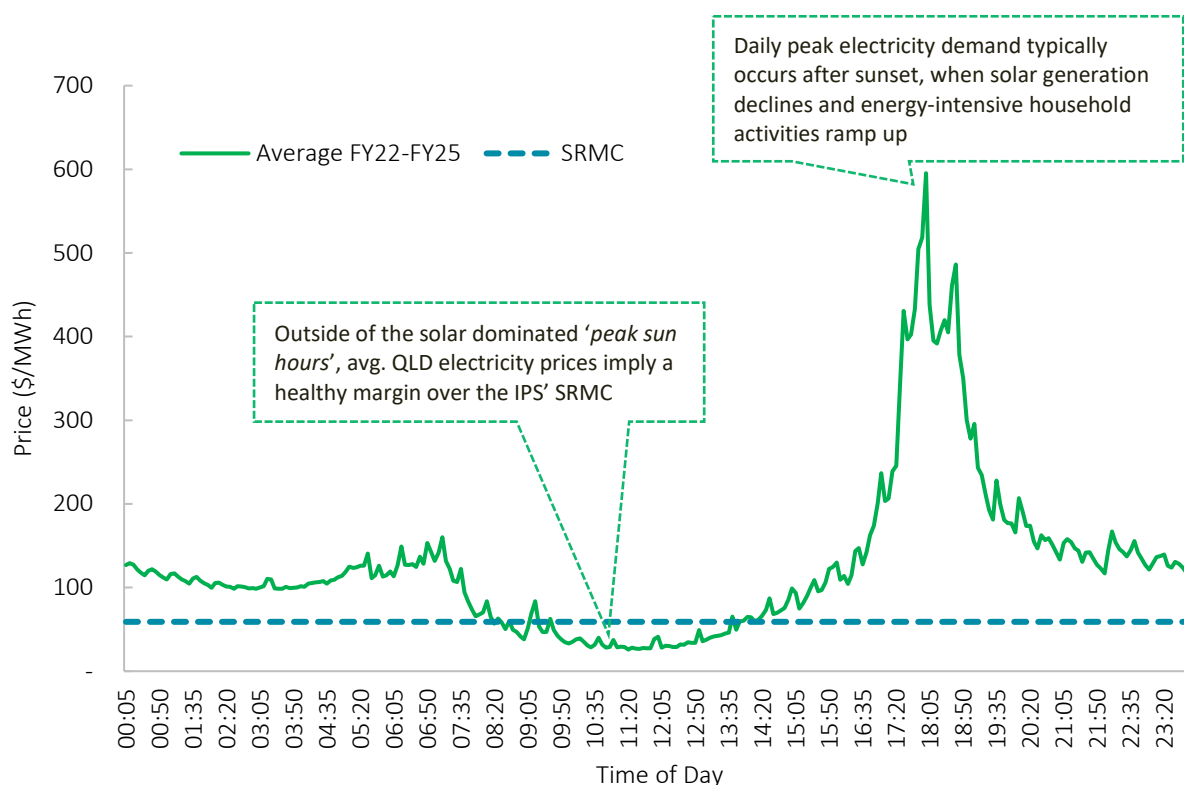
\$m	Feasibility output
Water supply for cooling	0.2
Mechanical maintenance	0.6
Electrical maintenance	0.3
General Maintenance	0.3
Site Personnel (roster of 3 personnel)	0.6
Powerlink transmission costs for electricity dispatch	2.0
Contingency	0.4
Total + Contingency	4.4
Gas supply cost @ \$4.50/GJ	\$18.0
Total Operating Costs including gas supply	\$22.4m
Short Run Marginal Cost	\$59/MWh

The operating cost assumptions relating to operation of the IPS have been provided from technical consultant NuEnergy who have significant experience in operating and developing gas fired power stations, including ones that utilise the GE Vernova turbine. The nature of these costs are also in line with QPM's experience in running MPS and TPS.

Transmission costs are based on ongoing discussions with Powerlink Queensland. Gas supply costs are based on the cost of gas supply from QPM's MGP operating field.

The Short Run Marginal Cost ("SMRC") for the IPS is \$59/MWh. This makes the IPS a very attractive proposition for potential partners as the IPS would have a very low SRMC compared to other firming generation capacity.

The chart below shows the average daily electricity price in Queensland over the past 4 years compared with the SRMC of the IPS.



Source: AEMO

Valuation and Returns

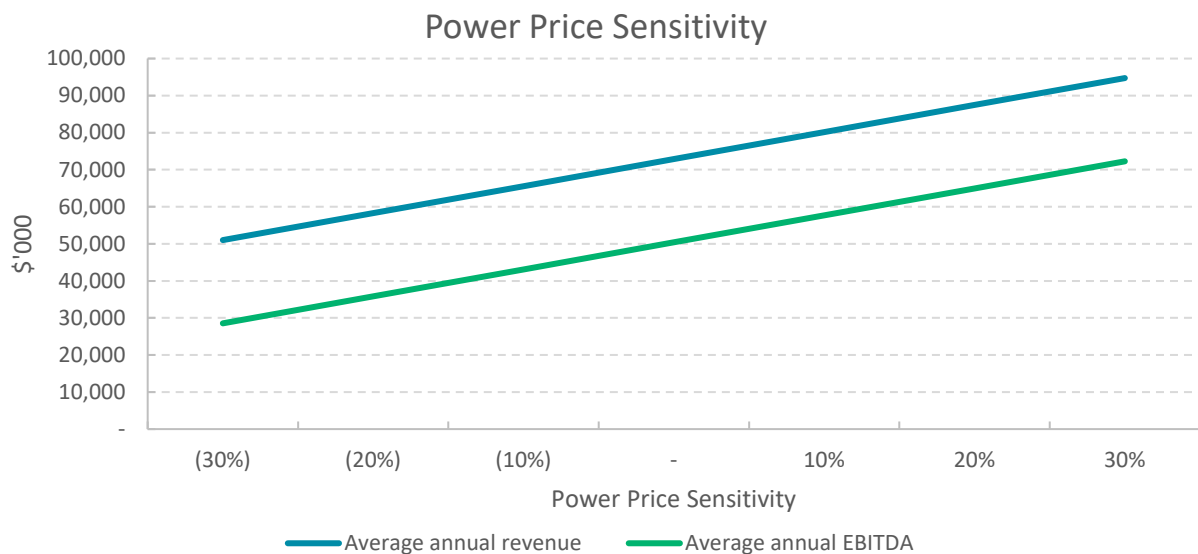
As a stand alone operation on a 100% equity basis, the IPS has an NPV₁₀ of \$195m and IRR of 20.3%. This has been calculated basis a 30 year project life, however it is envisaged that the IPS could operate for significantly longer. The NPB and IRR of the project would significantly improve with gearing and it is typical that such infrastructure projects can attract significant levels of debt (50-70%).

	Output (Real values)
Unlevered NPV ₁₀	A\$195m
Unlevered IRR	20.3%
Levered IRR ¹	32.6%

1. Basis 7 year debt facility, ~13% interest rate and 68% gearing level.

Sensitivity Analysis

Electricity price will be the single largest driver of variability in financial performance of the IPS. A sensitivity analysis for electricity price assumption has been undertaken, as shown below:



As shown in the sensitivity analysis above, the IPS will still generate strong annual revenue and earnings even if electricity prices were 30% lower than the underlying assumptions used in the feasibility study. The low SMRC of the IPS makes it very financially robust, even in weak electricity pricing environments.

Other Key Operating Assumptions

The IPS has been designed for 30+ year operation. Based on the 10 hours a day of operation, QPM has sufficient uncontracted gas reserves to provide over 80 years of gas supply to stage 1 of the IPS.

Expansion Potential

There is strong potential to expand the IPS beyond the initial Stage 1 for the following reasons:

- Modelling undertaken by QPM's grid consultants indicate that up to 300MW capacity is available from the substation;
- QPM has extensive gas reserves to underpin additional gas supply to an expanded IPS; and
- There is extensive land available on site and the feasibility design undertaken by QPM already incorporates space for expansion.

Furthermore, one of the other drivers of expansion is the ability for the IPS to utilise off-spec waste gas from surrounding coal mines. This gas ranges between 50-90% methane and is typically flared as it is below pipeline specification.

QPM's PL191 has overlapping tenure with Anglo's Teviot Brook coal mine. Mining is currently being undertaken on non-QPM tenure, however during the planned life of the IPS, the mine will crossover into PL191. QPM will then have rights to the waste gas being produced from Teviot Brook and could utilise it at the IPS. This would be very beneficial to the IPS:

- Additional gas supply meaning Stage 1 could be run for longer each day or the additional supply could underpin an expansion; and
- Lower unit cost of gas supply to IPS.

Project Schedule

QPM is targeting a final investment decision on the IPS in the December 2025 quarter. QPM is in the process of undertaking relevant project approvals, grid connection and project funding.

Including equipment procurement, development and construction of the IPS could be completed within 18-24 months, allowing for first commissioning mid 2027.

Appendix B – Reserve Statement

The estimated proved and probable reserves, evaluated as of 30 April 2025, are contained within granted Petroleum Leases 191, 196, 223 and 224, referred to as the Moranbah Project, located in the Bowen Basin of Queensland, Australia.

The volumes included in the estimate are attributable to the coals in the LH seams from the Rangal Coal Measures and the GU, P, GM and GL seams from the Moranbah Coal Measures. Economic analysis was performed only to assess economic viability and determine economic limits for the properties, using price and cost parameters specified by QPM.

The estimate was prepared by Benjamin W. Johnson, P.E., Michelle L. Burnham, P.E. and John G. Hittner P.G. in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers (“SPE”). These technical persons meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the SPE standards. NSAI are independent petroleum engineers, geologists, geophysicists and petrophysicists who do not own an interest in the properties and are not employed on a contingency basis.

Reserve Estimate

	Gas Reserves ¹			
	Gross Gas		Net Gas ²	
Category/Subclass	(BCF)	(PJ)	(BCF)	(PJ)
Proved				
Developed Producing	66.8	69.4	64.1	66.7
Developed Non-Producing	0.1	0.2	0.1	0.1
Undeveloped Justified for Development	166.3	172.8	159.6	165.9
Total Proved (1P)	233.2	242.3	223.9	232.7
Probable				
On Production	6.5	6.7	6.2	6.5
Incremental	0.1	0.1	0.1	0.1
Undeveloped	178.8	185.8	171.6	178.4
Total Proved + Probable (2P)	418.6	435.0	401.9	417.6

1. As at 30 April 2025. Totals may not add because of rounding.

2. Net gas reserves are after a 4 percent allowance for system use gas.

Economic Parameters

Gas prices were used only to assess economic viability and determine economic limits for the properties. The estimate has been prepared using gas price parameters specified by QPM that are based on existing commercial contracts. Based on a review of records provided and knowledge of similar properties, NSAI regarded the estimated gas prices to be reasonable. Gas prices were adjusted for energy content and all prices held constant throughout the life of the properties.

Costs were used only to assess economic viability and determine economic limits for the properties. Operating costs used in this estimate are based on operating expense records of QPM, the operator of the

properties. Capital costs used in the estimate were provided by QPM and based on budget forecasts and historical expenditure for similar activities. Capital costs are included as required for new development wells or production equipment. Based on their understanding of future development plans, a review of records and knowledge of similar properties, NSAI regarded the cost estimates as reasonable.