



Directors:

Chair
Tim Wall

Managing Director
Gavin Loyden

Non-Executive Director
Daniel Harris

Non-Executive Director
Tony Pearson

Non-Executive Director
David Fitch

Julia Creek Project:



QEM Limited:

Registered Office:
Level 8
216 St Georges Tce
Perth WA 6000 Australia
+61(0) 8 9481 0389

Head Office:
Level 6
50 Appel St
Surfers Paradise Q 4217
Australia
+61(0) 7 5646 9553

Follow us:



qldem.com.au
info@qldem.com.au

ASX Announcement

15 January 2024

QEM sells Julia Creek Renewables Project assets to Enel Green Power Australia

Highlights:

- Enel Green Power Australia (“EGPA”) signs binding agreement with QEM to purchase Julia Creek Renewables Project.
- The Renewables Project is located immediately adjacent to QEM’s flagship Julia Creek Vanadium Project (“JCP”) and represents one of Queensland’s largest proposed renewable energy projects.
- The Renewables Project has the potential to provide cheaper power for the JCP and to contribute to decarbonisation and the Queensland and Australian Government renewable energy and emission reduction targets.
- The transaction with EGPA - jointly owned by Enel Green Power (within the Enel Group) and INPEX Renewable Energy Australia Pty Ltd (part of INPEX CORPORATION) - also has the potential to deliver future royalty payments to QEM.

Critical minerals explorer and developer QEM Limited (ASX: QEM) (**QEM or Company**) is pleased to announce that it has signed a binding agreement with Enel Green Power Australia Pty Ltd (**EGPA**) for the sale of the Julia Creek Renewables Project (**JCRP or Renewables Project**) proposed to be adjacent to the Company’s flagship Julia Creek Vanadium and Oil Shale Project (**JCP**) in north-west Queensland.

Execution of the Project Sale Agreement (**PSA**) reinforces QEM’s continued focus on its core vanadium and oil shale project. Subject to the satisfaction of the conditions outlined below, the Completion payment and milestone payments have the ability to strengthen QEM’s balance sheet. The PSA also provides QEM with the potential for future green power for its flagship project, together with the potential to receive future milestone and royalty payments.

On 31 May 2023, QEM announced it had received a number of non-binding offers, indicating strong interest from global developers on the Renewables Project and, in July, the Company shortlisted three potential developers, owners, and operators (Refer: ASX announcement 3 July 2023). QEM would like to thank the parties who submitted binding offers in the process, prior to QEM selecting Enel Green Power Australia as its preferred counterparty.

Under the Project Sale Agreement, QEM will sell, and EGPA will acquire, among others, wind and solar monitoring equipment and more than 18 months of data, and intellectual property regarding engineering, environmental, geotechnical, flood plain and other project studies (the **Sale Interests**).



Completion of the sale and purchase of the Sale Interests is subject to EPGA being satisfied, acting reasonably, that the relevant equipment is fully functional and able to be operated in accordance with good operating practice. In the event that this condition precedent is satisfied,¹ EPGA will make an upfront payment of \$3,000,000 to QEM for the Sale Interests, payable on Completion (being 10 business days after satisfaction of this condition precedent).

In addition to this upfront payment, the consideration for the sale of Sale Interest is as follows:

- a) two contingent milestone payments totaling \$4,000,000 in aggregate, payable in separate tranches upon achievement of key Project development milestones; and
- b) a contingent milestone payment upon EPGA reaching Final Investment Decision (**FID**) (the **FID Payment**).

The FID Payment amount is not currently able to be ascertained by QEM, as it is dependent upon a number of variables (including the total generation and storage capacity of the JCRP and the relevant proportions that wind, solar and BESS contribute to the project). If EPGA reaches FID, the FID Payment will be calculated on the basis that QEM will receive a fixed dollar amount per MW (at agreed fixed amount based on type of generation) of total generation and storage capacity at the JCRP. Investors should note that such generation and storage capacity is not guaranteed and is dependent upon a number of factors.

Separately, on and from the Commercial Operations Date,² EPGA has agreed to pay QEM a revenue based royalty of between 1% - 2% generated by the JCRP operations.

Additionally, through Project operations, QEM will be offered a 10-year off-take agreement (**PPA**), on an arm's length basis, for up to 25MW firm capacity to supply its mine operations.

QEM Managing Director Gavin Loyden said the commitment by leading global renewables developer Enel Green Power Australia to developing this project, is a major boost for QEM, Julia Creek and the North West Minerals Province.

"QEM is delighted to be associated with a team which can draw on its vast global experience in renewable power development," said Mr Loyden.

"In addition to the direct benefits for QEM in having access to renewable power for our vanadium project, the whole region will enjoy significant direct and indirect benefits from this scale of development.

"EGPA's approach to creating value for the communities in which they operate is very aligned to QEM's own commitment in Julia Creek.

"At QEM, investment in our community is a high priority and when we visited Julia Creek with EGPA representatives in August, their sense of responsibility to environmental, social and cultural sustainability was evident. We are excited to progress community initiatives together."

Chief Executive Officer for EGPA, Werther Esposito, welcomes the announcement from QEM: "We are incredibly pleased to be working in partnership with QEM to deliver the Julia Creek Renewables Project. With outstanding wind and solar resource, the proposed project has the potential to be one of Queensland's largest

¹ The date for satisfaction of this condition precedent is 40 Business Days after the date of the agreement or such other date as QEM and EPGA may agree.

² The date that the facility or infrastructure comprising the JCRP becomes operational, meets all registration, commissioning and testing of the Australian Energy Market Operator, the relevant transmissions network service provider and becomes an active participant in the National Electricity Market.



renewable energy projects, targeting a significant contribution to achieving Queensland's renewable energy targets of 70% renewable energy by 2032, and 80% by 2035."

"Through Enel Green Power's Creating Shared Value approach, our team are focused on ensuring proactive engagement and benefit sharing for the local community throughout the project's development, construction, and operational phases. The project is expected to contribute to significant supply and employment opportunities for the surrounding community, creating a positive economic impact on the local area."

Enel Green Power Australia (**EGPA**) currently operates three renewable energy plants totaling 310 MW of installed capacity powered by solar as well as one 76 MW wind project and one 93 MW solar project currently under construction. EGPA has a significant portfolio of wind, solar, storage and hybrid projects under development across Australia, alongside expanding its activities in innovative solutions within its retail and trading operations.

EGPA is jointly owned by Enel Green Power and INPEX Renewable Energy Australia Pty Ltd (INPEX). Enel Green Power, within the Enel Group, develops and operates renewable energy plants worldwide and present in Europe, the Americas, Africa, Asia and Oceania. A world leader in clean energy, with a total capacity of around 61 GW and a generation mix that includes wind, solar, geothermal, and hydroelectric power, as well as energy storage facilities. INPEX Renewable Energy Australia Pty Ltd is a subsidiary of INPEX CORPORATION, Japan's largest exploration and production (E&P) company, which is currently involved in projects across multiple continents, including the Ichthys LNG Project in Northern Territory as Operator. By thoroughly making its oil and gas business cleaner while expanding its five net zero business areas, INPEX CORPORATION aims to provide a stable supply of diverse and clean energy sources including oil, natural gas, hydrogen and renewables as a pioneer in energy transformation.

QEM's Mr Loyden said "The Queensland Government's commitment to deliver CopperString high-voltage transmission network to connect the North West Minerals Province (NWMP) and the National Electricity Market (NEM) was a catalyst for QEM to progress the Renewables Project and appoint EGPA to deliver it."

"It is testament to the quality of the renewables resource above ground and the vanadium resource below it that QEM has been able to attract and appoint Enel Green Power Australia to deliver the renewables project that will provide cheaper power for our project and assist us to contribute to the global clean energy transition," Mr Loyden said.

Mr Loyden said renewable resource monitoring on site started in May 2022 and studies have been conducted for environmental assessments, topographic surveys, preliminary flood modelling, and geotechnical studies, all amidst ongoing stakeholder engagement which QEM believes increased the value proposition for EGPA.

Announcement of CopperString 2.0 - Acquisition by Queensland Government

On 7 March 2023, the former Queensland Premier Anastasia Palaszczuk released a joint statement with the Queensland Treasurer Cameron Dick, Resources Minister Scott Stewart, and Energy Minister Mick de Brenni announcing that the Queensland Government will deliver the 1,100 km CopperString project to unlock Australia's largest renewable energy zone and more than \$500 billion dollars in new critical minerals in North Queensland. Early works on the \$5 billion project will start this year with construction planned to commence next year.³

³ <https://statements.qld.gov.au/statements/97314>



CopperString will connect vast renewable wind and solar resources with critical minerals mining and processing in the North West Minerals Province (“NWMP”). “CopperString is the most significant investment in economic infrastructure in North Queensland in generations. Unlocking affordable renewable energy and our critical minerals will benefit Townsville, Mount Isa and every town in between – unlocking thousands of jobs and billions in investment,” said Queensland Premier Annastacia Palaszczuk.

Construction is expected to support 800 direct jobs over six years and thousands of new jobs in critical minerals mining, manufacturing, and construction of renewables. Publicly owned transmission business Powerlink will lead work on the project.

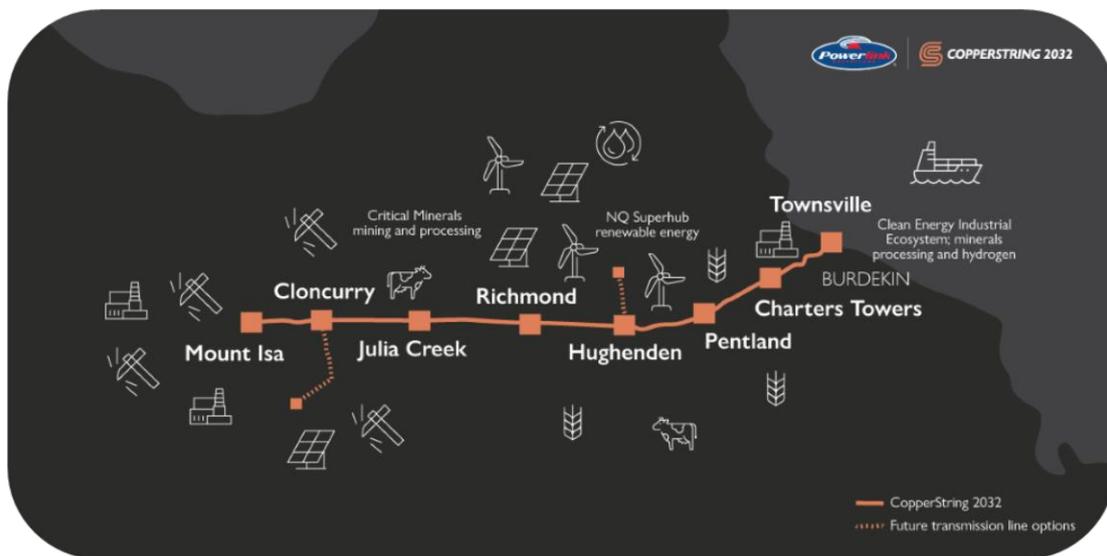


Image source: <https://www.powerlink.com.au/projects/copperstring-2032>

ENDS

This announcement was authorised for release on the ASX by the Board of QEM Limited.

For further information, please contact:

Gavin Loyden
Managing Director
P: +61 7 5646 9553
E: gavin@qldem.com.au

Joanne Bergamin
Communications Director
P: +61 7 5646 9553
E: jbergamin@qldem.com.au



ABOUT QEM

QEM Limited (ASX: QEM) is a publicly listed company which is focused on the exploration and development of its flagship Julia Creek Project, covering 250km² in the Julia Creek area of North Western Queensland.

The Julia Creek vanadium and oil shale project is a unique world class resource with the potential to utilise and deliver innovative and sustainable energy solutions, through the production of energy fuels and vanadium pentoxide. QEM strives to become a leading producer of liquid fuels and in response to a global vanadium deficit, also aims to become a global supplier of high-quality vanadium pentoxide, to both the nascent energy storage sector and the Australian steel industry.

This globally significant JORC (2012) Mineral Resource of 2,850 Mt @ 0.31% V₂O₅ is one of the single largest ASX listed vanadium resources and represents a significant opportunity for development. The resource is comprised of 360Mt @ 0.29% V₂O₅ in the Indicated category and 2,490Mt @ 0.31% V₂O₅ in the Inferred category, with the added benefit of a contingent (SPE-PRMS 2018) in-situ oil resource of 79MMBBLs of Oil equivalent in the 2C category, and 696MMBBLs in the 3C category, contained within the same ore body.

The tenements form part of the vast Toolebuc Formation, which is recognised as one of the largest deposits of vanadium and oil shale in the world and located less than 6km east of the township of Julia Creek. In close proximity to all major infrastructure and services, the project is intersected by the main infrastructure corridor of the Flinders Highway and Great Northern Railway, connecting Mt Isa to Townsville.

**The information in this announcement that relates to the mineral resource and contingent resource estimates for the Company's Julia Creek Project was first reported by the Company in its IPO prospectus dated 20 August 2018 and supplementary prospectus dated 12 September 2018 (together, the "Prospectus") and the subsequent resource upgrade announcements ("Resource Upgrade") dated 14 October 2019 and 7 April 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus and Resource Upgrade, and in the case of estimates of Mineral Resources and Contingent Resources, that all material assumptions and technical parameters underpinning the estimates in the Prospectus and Resource Upgrade continue to apply and have not materially changed.*

Forward Looking Statements

This announcement contains certain forward looking statements which have not been based solely on historical facts but, rather, on QEM's current expectations about future events and on a number of assumptions which are subject to significant uncertainties and contingencies many of which are outside the control of QEM and its directors, officers and advisers.