

Incitec Pivot Limited

INNOVATION ON THE GROUND

ASX RELEASE

IPL executes long-term gas supply agreement for Moranbah plant

16 May 2023

Highlights:

- **IPL announces entry into a new long term gas supply agreement for its ammonium nitrate plant in Moranbah**
- **Gas to be supplied from the nearby Moranbah Gas Project on competitive terms**

Incitec Pivot Limited (ASX:IPL) today announced entry into a new long-term gas supply agreement for the Moranbah ammonium nitrate plant owned by its wholly owned subsidiary, Dyno Nobel Moranbah Pty Ltd (DNM). The agreement with wholly owned subsidiaries of Queensland Pacific Metals Ltd (ASX:QPM) is conditional on QPM's successful completion of the acquisition of the Moranbah Gas Project (MGP)¹.

The new gas supply agreement will commence in April 2026 following expiry of DNM's current gas supply agreement and continue until at least March 2033. DNM has an option (exercisable at its discretion) to extend the agreement until March 2037.

The new gas supply agreement is expected to sustain the long-term competitive advantage of DNM's Moranbah ammonium nitrate plant.

DNM will provide financial support to QPM in the form of a gas prepayment facility of up to \$80 million². A joint operating committee has been formed with equal representation from IPL and QPM to deploy the funds in support of the field development required to supply DNM's gas under its new supply agreement with QPM.

IPL will also provide corporate guarantees until February 2025 to guarantee performance of contracts related to gas supply and transport required for QPM to acquire the MGP.

The arrangements include a full security package under which DNM's gas supply and funding agreements are secured against the gas producing assets of MGP, including the petroleum tenements.

The gas supply and funding agreements with QPM are interdependent and conditional upon (amongst other things) QPM's completion of the MGP acquisition and completion of IPL's confirmatory due diligence to enable DNM's decision to consent to the assignment to QPM of its existing gas supply agreement.

The agreements with QPM are currently expected to complete around mid-calendar year, subject to satisfaction of these conditions.

¹ Refer to page 3 of QPM's ASX announcement on 5 April 2023 which refers to the conditions to completion of QPM's acquisition of the MGP.

² Initially a committed facility of \$80m, with ability to increase commitment up to \$120m, if necessary.

IPL's Managing Director and CEO, Jeanne Johns said:

"In executing this long-term gas supply agreement, we are securing the long-term future of our Moranbah ammonium nitrate plant and ensuring continuity of explosives supply for Dyno Nobel's Bowen Basin customers. It supports jobs in the Moranbah region and ongoing production in the nationally important Bowen Basin metallurgical coal industry.

We are pleased to support the sustainability of our customers and stakeholders, with this long-term innovative and secure gas supply agreement insulating Dyno Nobel's Moranbah customers from the volatile east coast gas market and the risk associated with a reliance on imported ammonium nitrate."

Background

The Moranbah ammonium nitrate plant produces explosives products vital to Australia's mining industry. Dyno Nobel last year celebrated the 10-year anniversary of its ammonium nitrate plant coming into operation and being part of the Moranbah community that serves customers in the Bowen Basin. Dyno Nobel has provided a long-term, genuine investment in the Moranbah community, including housing its workforce locally and supporting local organisations, initiatives, and events.

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This document has been authorised for release by Richa Puri, Company Secretary.