

HIGH PURITY QUARTZ LIMITED INVESTOR UPDATE

To end March 2024



ULTRA **HPQ**

Dear fellow shareholders, on behalf of the Board of HPQ Ltd, I am pleased to present a summary update on progress and plans at the end of March 2024. Strong progress has been made since the last update circulated at the end of September 2023 with several key milestones achieved.

Main points

- We continue to work diligently towards initial PFS with a strong project management team in place, supported by qualified contractors, working to agreed scope of works.
- During March 2024, HPQ Ltd was granted a conditional allocation of 26 hectares of land for its planned quartz processing facility at the Lansdown Eco Industrial Precinct (LEIP), near Townsville. This is an important PFS milestone achievement after almost 12 months of hard work and lobbying and responding to government agencies and Townsville City Council (TCC). The LEIP site is ideally located on the route from the minesite to Port of Townsville as an export point for our finished products. See location map at **Appendix 1**.
- We also received notice that our mining lease application has been approved by the Queensland Minister for Resources, another major milestone achievement which allows other planned PFS work to commence, albeit with a delay.
- In March 2024, we also signed a non-binding MOU with Quinbrook (QB), a large Australian based infrastructure fund to provide funding for next phase and potentially for future stages. In return for funding, QB wishes to access our quartz volumes suitable for Metallurgical Grade Silicon (MGSi) production at LEIP and to have first nomination rights on volumes of UHPQS produced from HPQ Ltd's planned processing plant at LEIP. We are working to close this agreement and draft documents have been exchanged.
- An expression of interest for grant funding has also been lodged with QIC, a large sovereign and institutional fund manager, which also invests funds on behalf of QLD State Treasury. Pending near-term clarification points, we are hopeful HPQ Ltd will be confirmed as a suitable applicant for a grant of up to \$2million for the later DFS/FEED Study Stage. If successful, the QIC grant opens the potential to apply for up to \$30m funding under later stage QIC investment programs.
- On the other side of the ledger, the delay in mining lease approval and the delay in land allocation means that we have been unable to collect bulk sample materials for pilot testwork or to commence the detailed planning and permitting preparation work (all site specific). Now that we have the ML and the conditional land allocation at LEIP, we will endeavor to catch up on some of this lost time. We now target PFS completion by October 2024 (was July 2024).
- The pathway to FID remains the same but, absent early cashflow, the phases will need to be funded by third party funding and potentially grants. The following pathway will require funding with an indication of possible funding sources noted.

1. PFS underway – Already fully funded.

2. PFS Optimisation/Trade-off Studies – funding under scope of MOU, subject to DD and PFS completion. Other funding sources remain open.
 3. Definitive Feasibility Study (DFS)/Front End Engineering and Design (FEED) Studies – Possibly under existing MOU scope plus any QIC/other grants received. Other funding options remain open.
 4. Final Investment Decision (FID) – Key Milestone
 5. Construction Phase – Possible funding under scope of MOU, possible QIC funding and/or NAIF Funding and/or strategic third parties. All other funding options remain open.
- Alongside this funding path, we will pursue possible limited lump sales of quartz to generate early cashflow, where the risks are deemed acceptable. If risk allows, this cashflow will offset any external funding required to FID.
 - We have detailed plans to drill 10 exploration/metallurgical holes on one of our other EPMs. We were not successful in receiving exploration grant funding during Q4 2023 and so this will be funded from next stage funding under the terms of the QB MOU.
 - We have continued with testwork under current PFS workstreams with an additional 5 drill core samples tested for variability with results confirming solar crucible grade status or suitability for other valuable UHPQS applications.
 - As a backstop, quartz ore at Sugarbag Hill resource, has also been tested as suitable for MGSi with good suitability results. We will continue to test for MGSi and UHPQS quality across our exploration assets.
 - The FY23 financial accounts are amid audit and should be completed by the end of April 2024.

CEO Comments

We have achieved major milestones since the last update and are progressing to complete PFS with some unwanted delays as noted above. We are now focused on firming the necessary permitting and approvals, de-risking our future supply chain, both of which are location-specific to the LEIP, completing bulk pilot testing as well as firming up funding for next stage activities.

Initial interaction with QLD State Assessment Referral Authority (SARA), as the umbrella approval agency in QLD, has been positive.

The LEIP is being developed by Townsville City Council (TCC), with funding and support from both Federal and State Government, as Queensland's high-impact, critical minerals hub. The overall LEIP development project has been designated a Prescribed Project in line with Federal and State critical mineral strategic imperatives. HPQ Ltd will investigate pursuing Prescribed Project status consistent with other proposed projects at LEIP.

We are working with others at LEIP to maximise synergies which exist between quartz to produce UHPQS (Champagne Quartz) and quartz for the development of Metallurgical Grade Silicon (MGSi) production (Beer Quartz). This connection provides a basis to realize HPQ Ltd's vision of facilitating the manufacture of solar PV cells/modules in Queensland, subject to feasibility of the later downstream stages. If QB does not exercise its rights to offtake volumes under the MOU, we will sell finished sand products into the high-growth international markets.

Subject to closing a deal under the QB MOU terms, we can progress all post-PFS Optimisation, vendor testwork and trade-off studies works to the start of DFS/FEED stage. We expect the current funding valuation will represent a material increase in value from the c\$15m post-money valuation achieved at last raise.

I believe this revised funding strategy to FID and beyond is more sustainable than reliance on earlier stage cashflow. In conjunction with future grant funding opportunities, for example via QIC grant (and now potentially ARENA funding— see below) there are funding options from various public and private sources. The potential link-up under QB MOU terms will also provide for increased facilitation of the Sugarbag Hill project overall, based on obvious synergies, as well as offering potential for follow-on funding.

The market fundamentals continue to be supportive in line with the commentary in the September 2023 Investor Update. We expect an independent market report to confirm this in due course.

The Australian Federal Government has made a recent announcement on a A\$1billion taxpayer funded investment in ARENA to support a solar pV manufacturing chain in Australia (this mirrors HPQ Ltd's long-held vision and strategy). The Federal Government's stated objective is for Australia to become a renewable energy superpower which feeds directly into demand for UHPQS and MGSi, adding value and credence to HPQ's strategy and plans.

We remain committed to enhancing our strong critical minerals and ESG thematic, which will stand us in good stead as we move forward.

In relation to any transaction under the QB MOU, it will require approval by shareholders at an EGM. As we get closer to a finalized transaction, a notice of meeting will be circulated for this purpose.

If there are any questions on this update, then please email me. Thank-you for your continuing support.

Yours faithfully,



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On behalf of the HPQ Ltd Board

Appendix 1 - LEIP site location relative to Sugarbag Hill minesite and Port of Townsville.

