

Resource Diversity



The Queensland Nickel Group



Security is Prosperity





The Queensland Nickel Group

The Queensland Nickel Group of Companies is a diversified group with an expanding international footprint across Asia and the South Pacific region.

It is an exciting time for the Group as it expands from minerals processing activities to embrace tourism and hospitality, resource exploration and development and shipping opportunities.

Demand for nickel will continue to be strong in the years ahead as the continued urbanisation of China and India will see nickel products being used in steel fabrication for construction activities in these fast growing economies. In 2011 the Palmer Nickel and Cobalt Refinery recommenced operating its second calciner line in preparation for an aggressive plan to grow nickel production output at the refinery to 70,000 Tonnes per year.

Our Styx coal development project will generate strong cashflow for the group, as the global demand for coal is anticipated to grow at 3% for the next 10-15 years. The project is well positioned to capitalise on this demand and secure long term supply contracts for its high quality thermal coal.

Queensland has some of the best tourism facilities and landscapes in the world and China presents itself as a major inbound destination opportunity for Australia. Our five star Coolum Resort, together with the magnificent Robina Woods and Colonial golf courses, are fantastic facilities that are sure to appeal as holiday and recreation destinations for our Asian friends.

I'm proud of the capable and committed people in the Queensland Nickel Group of Companies who continue to strive to develop and grow the business. We are well positioned to embrace further development opportunities.



Professor Clive Palmer
Chairman of Queensland Nickel



Micheal Palmer
Director, Queensland Nickel





Resource Diversity



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Queensland Nickel is a testament to the world class resource development capability of Australia.

From humble beginnings in 1967 as a North Queensland nickel exploration prospect, the Queensland Nickel Group of Companies has evolved by 2012 to become a multi-billion dollar international business with a twenty first century trading footprint across Asia and the South Pacific.

Privately owned by internationally regarded billionaire entrepreneur Professor Clive Palmer, the Queensland Nickel Group of Companies holds a multi-billion dollar, debt free portfolio of assets.

Under the leadership of Professor Palmer, the Queensland Nickel Group of Companies has been transformed into a profitable and nimble business with a keen eye for growth and diversification opportunities to enhance the Group's business portfolio. Through Professor Palmer, the Company has a close association with Mr Palmer's privately owned Mineralogy Group. Mineralogy is developing a world class iron ore portfolio estimated to be in excess of 160 billion Tonnes of magnetite ore resource, located 80 km south of Dampier in Western Australia's Pilbara region.

Mineralogy also owns Waratah Coal Pty Ltd, an exploration and coal mine development company formed in 2005. Based in Brisbane, Queensland, Waratah Coal is focused on the exploration and development of coal projects in Australasia. Together with another Mineralogy subsidiary, China First Pty Ltd, Waratah Coal proposes an \$8 billion coal mine and infrastructure project in the Galilee Basin in Central Queensland.

Capitalising on its minerals processing experience and positive cash flow, the Queensland Nickel Group of Companies is growing and diversifying into new sectors including tourism, resource development, shipping and hospitality.

The Queensland Nickel Group of Companies comprises of:

- the Palmer Nickel and Cobalt Refinery in Townsville, North Queensland
- the Coolum Golf Resort and Spa, Sunshine Coast, Queensland
- Robina Woods Golf Course, Gold Coast, Queensland
- Colonial Golf Course, Gold Coast, Queensland
- Styx Coal JV, Central Queensland
- Asia Pacific Shipping Enterprises PTE Ltd



Our approach to business success

The Queensland Nickel Group of Companies' approach is built on a commitment to customer satisfaction, a safe workplace, fair dealings with stakeholders and the environment, rewarding employees and operating profitable businesses.

Sustaining our success is based on:

- conducting operations in a profitable manner
- seeking opportunities for expansion and diversification
- competitive and professional fulfilment of customer needs
- responding to the expectations of communities
- a strong emphasis on the environment
- contributing to the prosperity of host communities
- a safe working environment that rewards good employee performance and offers opportunities for advancement

Financial capability

The Queensland Nickel Group of Companies has annual turnover in excess of \$800 million generating strong operating cash flow. The Group has net assets valued at \$1 billion with zero external debt. The Queensland Nickel Group is growing and becoming increasingly diversified, with interests in nickel refining, coal exploration, tourism and leisure.





Our Businesses: Minerals Processing

The Palmer Nickel and Cobalt Refinery, North Queensland

Mineral Processing

The Palmer Nickel and Cobalt Refinery, located 25 kilometres north-west of Townsville in Queensland, Australia, is a world leader in the production and marketing of high quality nickel and cobalt.

The manufacturing process involves the drying, grinding, roasting and leaching of Nickel ore in an ammonia solution to extract the nickel and cobalt in the processing plant. The Refinery currently produces around 32,000 Tonnes of nickel and 2,000 Tonnes of cobalt per annum and has a production capacity of 70,000 Tonnes of Nickel per annum.

In 2011, the refinery recommenced operating the second nickel processing line to refine a third party supply of partially processed nickel ore. This processing line is operating successfully, and the business is actively looking to source and secure additional feed to ramp up production to full capacity.

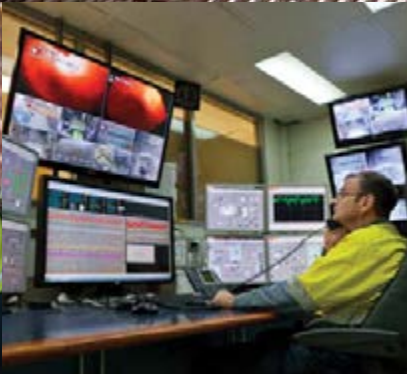
When establishing the Palmer Nickel and Cobalt Refinery, the Queensland Government created an Act of Parliament, *the Queensland Nickel Agreement Act 1970*. This Act facilitates the operation of the facility, a surety that continues to be in place today.

The Refinery is a strong contributor to the local community, employing approximately 1000 people from Townsville and providing sponsorships to a range of clubs, sporting associations and community organisations.

International presence

The Palmer Nickel and Cobalt Refinery is supported by staff in international offices in New Caledonia, Indonesia and the Philippines, who manage Ore Supply activities.







Products

Nickel

The Palmer Nickel and Cobalt Refinery produces and markets four Nickel products: Nickel Compacts, Nickel Carbonate, Speciality Nickel Oxide and Nickel Oxide Sinter.

Nickel is a key alloy in the manufacture of stainless steel and has had a major role in the development of the chemical and aerospace industries. It is a hard, silver-white metal with a melting point of 1452 degrees Celsius (almost as high as iron).

Nickel is included in stainless steel products because it is tough and strong, corrosion-resistant and has various other electrical, magnetic and heat resistant properties.

Stainless steel typically contains around 14% Nickel and is widely used in the chemical industry, in consumer products such as sinks, cooking utensils and cutlery, motor vehicles and construction, other steels such as structural alloy steel used in pipelines, aircraft, vehicles and building.

Cobalt

The Palmer Nickel and Cobalt Refinery's Cobalt refining plant treats and processes the Cobalt residue in the ore to produce a high quality Cobalt product, a keenly sought global commodity.

The Cobalt plant was built in 1996 and the patented extraction technology was developed by our own people, and is designed to produce in excess of 2,000 Tonnes of Cobalt a year.

Cobalt has a diverse number of applications. As a pure metal, it is used as a superalloy in the aerospace industry and is used as a hardening component in the steel industry. It is also used as a pigment for paints, inks, magnetic tape, cattle feed, mobile phone batteries and as a vitamin supplement (B12).

Sales and marketing

The marketing and sales of nickel metal is managed through a partnership with Glencore, one of the world's leading integrated producers and marketers of commodities.

Other nickel products and the cobalt product are directly marketed to customers by the Palmer Nickel and Cobalt Refinery.



Environment

The Palmer Nickel and Cobalt Refinery is situated just 20km south of the tropical rainforest hinterland and cloud forest of the Wet Tropics World Heritage Area. The land holding is also adjacent to the world renowned Great Barrier Reef Marine Park, a 3000km coral reef system that hugs the Queensland coast and is regarded as the one of the seven wonders of the natural world.

For many years it has managed the site through the delivery of an Environmental Assessment and Management Program, which protects the conservation values of the buffer zone through monitoring and maintaining the ecology of the freshwater, estuarine and marine ecosystems.

Governance

The Palmer Nickel and Cobalt Refinery retains ISO certification for its Environment Management System (14001) and Quality Assurance processes (9001).

During 2011, the refinery was classified as a Major Hazard Facility due to the volume of chemicals stored on site. The safety management plan for the refinery was certified by government regulators in late 2011.

Our Businesses: Tourism



Coolum Resort, Sunshine Coast, Queensland

The Coolum Golf Resort and Spa is a 5 star luxury resort situated 120 kilometres north of Brisbane along the Sunshine Coast in Queensland, Australia.

Set at the base of Mount Coolum, the Resort fronts onto the Pacific Ocean with two kilometres of pristine beach and is set on 150 hectares of exquisite natural bushland. Guests are immersed in the sub-tropical climate of the Sunshine Coast paradise with a diverse array of outdoor activities to enjoy on the resort grounds.

The Resort is equipped with an Australian PGA Championship golf course, beach club and privately patrolled beach, the largest day spa in the southern hemisphere, tennis centre and arts centre. Guests can also enjoy archery, canoeing, beach fishing and a range of other recreational activities together with tours to local attractions.

The Coolum Resort features 324 hotel rooms, suites and villas organised in low-rise clusters amid a natural Australian environment of gardens, lakes and woodlands.

Guests have a range of quality dining and entertainment options available, together with a luxury spa and fitness centre offering a wide variety of treatments and services to enhance the health and wellbeing of guests and visitors.

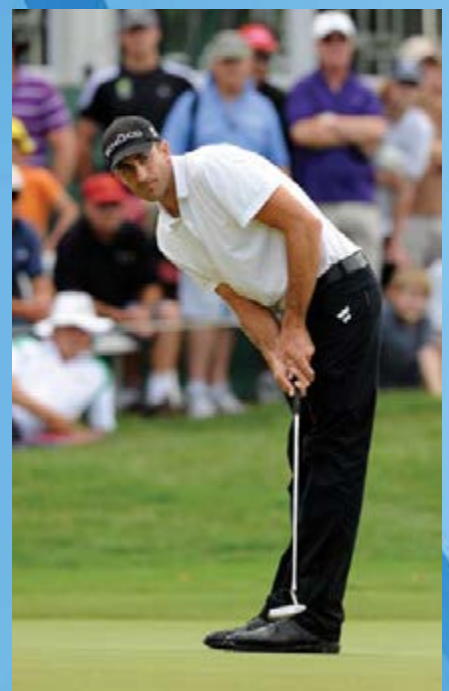




The Australian PGA Championship

Australia's oldest professional golf tournament, the Australian PGA Championship, is held at the Coolumb Resort and attracts thousands of sports fans to the resort and Queensland's spectacular Sunshine Coast.

Recent tournament winners include Greg Chalmers (2011), Peter Senior (2010), Robert Allenby (2009), Geoff Ogilvy (2008) and Peter Lonard (2007).



Our Businesses: Leisure



Robina Woods Golf Course, Gold Coast, Queensland

Tastefully sculptured within 65 hectares of native woodlands, this unique layout is unlike any golf resort course in Australia. With towering gum trees framing the fairways, Robina Woods is one of Queensland's best-loved resort courses.

Consistently ranked in Australia's top 30 resort courses, Robina Woods is a 6078 metre, par 71 championship golf course designed by Graham Marsh and Ross Watson. The Robina Woods course can accommodate golfing groups up to 144 players.

The course features a fleet of electric carts, two tennis courts, driving range and practice facilities, golf shop fully stocked with the latest equipment and merchandise and a club bar and bistro.

Robina Woods also includes several smaller function rooms that features outdoor entertainment locations for banquet or cocktail functions. It is a relaxing location for guests to host a conference, wedding, party or post-golf function and offers a unique golf resort experience.



The Colonial Golf Course, Gold Coast, Queensland

The magnificent Colonial Golf Course is a beautifully groomed facility of lush fairways and meticulously manicured greens. The 6,424 metre, par 72, championship resort layout is set within 39 hectares of towering eucalyptus, picturesque lakes and serene waterways.

The course was designed by the highly regarded Mitsuaki Kobayashi, who has designed more than 90 golf courses around the world.

A spectacular and distinguishing feature of the course is the magnificent clubhouse, with its distinctive and eye catching colonial Queenslander design. The clubhouse is the focus of the venue and provides the inspiration to the Colonial Golf Course.

The stunning Queenslander-style clubhouse welcomes golfers and visitors alike with wide, breeze-catching verandas surrounding the building. Expansive and serene views over the golf course and the Gold Coast Hinterland provide a relaxing and picturesque backdrop for weddings, functions, meals and corporate hospitality events.



Business Development: Coal

Styx Coal, Central Queensland

The Styx Coal Project is a joint venture project between Queensland Nickel Pty Ltd and Waratah Coal (50/50 ownership, operated by Queensland Nickel). Both companies are separate, privately owned entities of Professor Clive Palmer.

The Project is located on the coastal plain between Rockhampton and Mackay in the Styx Basin, Central Queensland.

Exploration drilling activities have identified a number of potential resources in multiple coal seams, confirming the presence of highly volatile, low sulphur thermal coal and semi soft coking coal resources.

The proposed project will comprise of a small scale open cut mine, coal processing facilities, railway loading infrastructure, a mine camp and processing infrastructure. Open-cut coal mines with an estimated total yield of 1.5 million Tonnes per annum will be developed to export thermal coal and semi soft coking coal to international markets. The project will utilise existing rail facilities (North Coast line) and is investigating options to use port infrastructure at either Gladstone, Dalrymple Bay (Mackay) or Abbot Point (Bowen).

With the global demand for coal anticipated to grow at 3% for the next 10-15 years, the project is well positioned to capitalise on this demand and secure long term supply contracts for its high quality thermal coal.

It is expected that the future world demand for coal will be predominately driven by developing Pacific Rim markets. In this market, Queensland and Australia is an important world supplier of coal for nations seeking secure energy supplies produced in a stable economic and political environment.





Drilling activities

Coal quality drilling is ongoing within the Styx basin deposit. A summary of raw coal data has been compiled for 76 plies over 16 bore cores (approximately 63mm diameter).

The key features of the coal resource noted to date are:

- Multi seam deposit with ply thickness varying from ~0.1 to 2.0 m.
- In situ seam ash 10 – 12% adb.
- high volatile bituminous coal with low ash, low sulphur and high calorific value.
- Potential to produce an excellent thermal coal (raw) or a washed semi soft coking coal.

The coal is potentially excellent thermal coal, displaying:

- Low ash and high calorific value (almost 5% above Newcastle thermal coal CV, undiluted).
- Low nitrogen and moderate sulphur content.
- Low chlorine content.
- Low initial deformation temperature, presumably caused by the iron and calcium minerals present.

Operational activities are anticipated to commence by the end of 2012.

Business Development: Shipping

Asia Pacific Shipping Enterprises PTE. Ltd.

Asia Pacific Shipping Enterprises has been formed to service the Queensland Nickel Group of Companies' ore importation freight activities. The business will operate a fleet of ships which will be built in China and operate out of Singapore.

The business will build its own fleet of ships in China and operate a shipping business out of Singapore.

Asia Pacific Shipping Enterprises is majority owned by QNI Resources Pty Ltd.

The Board of Asia Pacific Shipping Enterprises PTE. Ltd comprises Bruce McIver (Chairman), Peter Harrington, Robert Sumantri and Raymond Tam.







Our People

The Queensland Nickel Group of Companies provide exciting job opportunities in minerals processing, resource exploration and development, shipping, tourism and hospitality industries.

We recognise that employees with differing backgrounds enhance our business and reflect the diversity of our customers, visitors and guests. The Group welcomes the creativity, insights and experience of people of different race, age, religion, ethnic origin, gender, sexual orientation, disability and other backgrounds.

We value diversity and provide competitive remuneration and career development opportunities for our employees.

The Way Forward

The Queensland Nickel Group of Companies is a business looking to a future of exciting opportunities and new successes.

The future is bright as we forge ahead searching across the country and the world for opportunities to expand and diversify our business.

Our people will continue to build a great company that will provide prosperity, growth and secure jobs for Queensland and for Australia





Corporate Information:

QN Group Management Team



Phil Collins
Acting Managing
Director



Simon Stodart
Commercial
Division Director



Peter Harrington
Ore Supply
and Business
Development
Manager



Ian Ferguson
General Manager
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David Morgan
Marketing Director



Martin Brewster
Director, Expansion
and Major Works



Alexandar Sokolov
Technical Director

Mitchell Frost
Company Liaison

QN Group Country Representatives



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Corrine Bufnoir
Regional Manager



Philippines
Leoben Evangelista
Regional Manager



Indonesia
Poetra Abadi
Regional Manager



Beijing
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Beijing Manager

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Pasig City, Philippines
Townsville, Australia
Hong Kong
Singapore
Beijing, China

Principal Bankers

National Australia Bank
Nord LB

Auditor

Ernst & Young

Tax Consultant

PWC

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The Queensland Nickel Group

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Mineralogy Group of Companies



China Business Partners

