

Queensland Nickel Pty. Ltd.
ACN 009 842 068
(Administrators Appointed)
("the Company")

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES

This document requires the Practitioner(s) appointed to an insolvent entity to make declarations as to:

- A. Their independence generally;
- B. Relationships, including
 - i. The circumstances of the appointment;
 - ii. Any relationships with the Company and others within the previous 24 months;
 - iii. Any prior professional services for the Company within the previous 24 months;
 - iv. Any other relationships to declare; and
- C. Any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of myself, my fellow Senior Managing Directors, and FTI Consulting (Australia) Pty Ltd ("FTI Consulting" or "Firm") and associated entities.

A. INDEPENDENCE

We Kelly-Anne Trenfield, Stefan Dopking, Quentin Olde and John Park of FTI Consulting have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. DECLARATION OF RELATIONSHIPS

i. Circumstances of appointment

This appointment was referred to FTI Consulting by Clive Palmer.

There are no conditions on the conduct or outcome of this administration arising from the referral, including no fees/commissions, agreements for work in the administration, or other

benefits.

On 11 October 2015, Lachlan McIntosh and Oliver Schweizer of FTI Consulting met with the Director of the Company, Senior Company Executives and Clive Palmer to discuss the Company's financial position, near term financial forecast and the possibility of arranging near-term funding for the Queensland Nickel Group of Companies, being QNI Resources Pty Ltd, QNI Metals Pty Ltd and the Company. Discussions with the Queensland Nickel Group of Companies and about possible funding ceased on 18 October 2015. There was no formal appointment and FTI Consulting did not receive any remuneration.

On 3 January 2016, Lachlan McIntosh received a call from Clive Palmer requesting a meeting to discuss the potential appointment of voluntary administrators. On 4 January 2016, Lachlan McIntosh met with Clive Palmer to discuss the voluntary administration process.

On 8 January 2016, Lachlan McIntosh and Oliver Schweizer of FTI Consulting met with the Director of the Company, Senior Company Executives and Clive Palmer to discuss the Company's financial position, the possible appointment of voluntary administrators and other alternatives available to the Company.

On 10 January 2016, Lachlan McIntosh, Oliver Schweizer and John Park of FTI Consulting met with the Director of the Company, Senior Company Executives and Clive Palmer with the purpose of the meeting being:

- (a) To obtain sufficient information about the Company to enable discussion around the financial position of the Company; and
- (b) To explain the various forms of insolvency appointments, the options available, and the consequences of an insolvency appointment.

On 11 January 2016, Oliver Schweizer of FTI Consulting met with the Chief Financial Officer of the Company to discuss the future cash flow of the Company. On the same day, Lachlan McIntosh of FTI Consulting met with Clive Palmer to discuss the potential appointment of voluntary administrators.

Between 11 January 2016 and 13 January 2016, Kelly-Anne Trenfield, Andrew Bantock, Stefan Dopking and John Park from FTI Consulting attended the Queensland Nickel refinery plant in Yabulu Qld to meet with key management of the Company to undertake a commercial due diligence to assess the risk to FTI Consulting of a voluntary administration appointment.

On 13 January 2016 Lachlan McIntosh, Oliver Schweizer and John Park of FTI Consulting met

with the Director of the Company, Senior Company Executives and Clive Palmer to further discuss the potential voluntary administration appointment.

On 14 January 2016 and 15 January 2016, Lachlan McIntosh of FTI Consulting met with Clive Palmer to discuss various aspects of the potential voluntary administration appointment.

Between 4 January 2016 and 17 January 2016, various telephone conversations occurred between John Park, Lachlan McIntosh, Stefan Dopking and Oliver Schweizer of FTI Consulting and the Director of the Company, Senior Company Executives and Clive Palmer to discuss the aspects of a potential Voluntary Administration.

We have received no remuneration for the above described work and advice.

In our opinion, these meetings do not affect our independence for the following reasons:

- (a) The Courts and relevant professional bodies recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment;
- (b) The nature of the advice provided to the Company is such that it would not be subject to review and challenge during the course of our appointment;
- (c) No advice has been given to the directors in their capacity as directors of the Company, or in relation to their personal circumstances; and
- (d) The pre-appointment advice will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the appointment as Voluntary Administrators of the Company in an objective and impartial manner.

We have provided no other information or advice to the Company, its directors and advisors prior to our appointment beyond that outlined in this DIRRI.

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

We, or a member of our Firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons
Deputy Commissioner of Taxation (Australian Taxation Office – ATO)	<p>Certain Senior Managing Directors of FTI Consulting will, from time to time, act as Official Liquidators to unrelated companies which have been wound up in insolvency by the ATO.</p> <p>This work arises from certain Senior Managing Directors being members of a panel of insolvency practitioners maintained by the ATO. This panel includes practitioners from firms other than FTI Consulting.</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> ▪ In liquidations where the ATO is an unsecured creditor, we do not act directly on their behalf; rather there are duties to all creditors as a whole. ▪ There are no conditions on the conduct or outcomes of any engagements arising from the panel arrangements. ▪ The work that FTI Consulting undertakes in these circumstances will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with our appointment as Voluntary Administrators of the Company in an objective and impartial manner.
BOQ Finance (Aust) Limited	<p>FTI Consulting has relationships with the secured party due to the nature of business advisory, consulting and insolvency work the firm undertakes.</p> <p>This includes acting in receivership appointments and performing independent business review roles, where the secured party has provided banking, loan, lease (or similar) facilities to companies and</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> ▪ FTI Consulting has not been engaged by the secured party to undertake work or perform services in respect of the Company. ▪ The work that FTI Consulting undertakes for the secured party from time to time will

Name	Nature of relationship	Reasons
	individuals.	not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with our appointment as Voluntary Administrators of the Company in an objective and impartial manner.
Coates Hire Operations Pty Ltd	<p>FTI Consulting has a relationship with the secured party due to the nature of business advisory, consulting and insolvency work the firm undertakes.</p> <p>This includes acting in Court liquidation appointments, where the secured party has provided lease (or similar) facilities to companies.</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> ▪ FTI Consulting has not been engaged by the secured party to undertake work or perform services in respect of the Company. ▪ The work that FTI Consulting undertakes for the secured party from time to time will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with our appointment as Voluntary Administrators of the Company in an objective and impartial manner.
Macquarie Leasing Pty Ltd	<p>FTI Consulting has relationships with the secured party due to the nature of business advisory, consulting and insolvency work the firm undertakes.</p> <p>This includes acting in receivership appointments and performing independent business review roles, where the secured party has provided</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> ▪ FTI Consulting has not been engaged by the secured party to undertake work or perform services in respect of the Company. ▪ The work that FTI Consulting undertakes for the secured

Name	Nature of relationship	Reasons
	banking, loan, lease (or similar) facilities to companies and individuals.	party from time to time will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with our appointment as Voluntary Administrators of the Company in an objective and impartial manner.
National Australia Bank Limited	<p>FTI Consulting has relationships with the secured party due to the nature of business advisory, consulting and insolvency work the firm undertakes.</p> <p>This includes acting in receivership appointments and performing independent business review roles, where the secured party has provided banking, loan, lease (or similar) facilities to companies and individuals.</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> ▪ FTI Consulting has not been engaged by the secured party to undertake work or perform services in respect of the Company. ▪ The work that FTI Consulting undertakes for the secured party from time to time will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with our appointment as Voluntary Administrators of the Company in an objective and impartial manner.
Suncorp-Metway Limited	<p>FTI Consulting has relationships with the secured party due to the nature of business advisory, consulting and insolvency work the firm undertakes.</p> <p>This includes acting in receivership appointments and performing independent business review roles, where the</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> ▪ FTI Consulting has not been engaged by the secured party to undertake work or perform services in respect of the Company. ▪ The work that FTI Consulting

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	secured party has provided banking, loan, lease (or similar) facilities to companies and individuals.	undertakes for the secured party from time to time will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with our appointment as Voluntary Administrators of the Company in an objective and impartial manner.

The Administrators have no relationship with either China First Pty Ltd or Waratah Coal Pty Ltd.

iii. Prior Professional Services to the Insolvent

Neither we nor our Firm have provided any professional services to the Company or any Associate in the previous 24 months.

iv. Other relevant relationships to disclose

John Park and Quentin Olde were appointed over a related Company, Palmer Aviation Pty Ltd (Administrators Appointed) ACN 158 870 789 on 18 January 2016 and have an obligation to this Company individually (as defined in Section 435A of the Corporations Act) and not to the group as a whole. We are not aware of any conflicts of interest between the two companies. Should such a conflict arise, we will keep creditors informed and take appropriate action to resolve the conflict.

On 29 February 2012, Ginette Muller (a former Senior Managing Director of FTI Consulting) and John Park, who at the time, were partners of KordaMentha (QLD), were appointed by the Director of Coolum Resort Pty Ltd ACN 010 593 638 (“Coolum Resort”) and Coeur de Lion Investments Pty Ltd ACN 006 334 872 (“CdLI”), as administrators of those companies.

At the time of the appointment as Administrators to Coolum Resort and CdLI, the Director of both companies was William Matthew Schooch. Clive Palmer, Geoffrey Smith and Basil Ahyick were former Directors of both companies. The sole shareholder of both Coolum Resort and CdLI was Coeur de Lion Holdings Pty Ltd.

On 30 March 2012 creditors of Coolum Resort resolved to end the administration and immediately return control to the Director. As such, the administrators' resignation was

effective 30 March 2012. On 4 April 2012, creditors of CdLI resolved to end the administration and return control immediately to the Director. As such, the administrators' resignation was effective 4 April 2012.

The ultimate holding company of Coolum Resort and CdLI at the time of our appointment was QNI Resources Pty. Ltd., which is a current shareholder of the Company. The work undertaken as administrator for approximately one (1) month to Coolum Resort and CdLI occurred almost four (4) years ago whilst John Park was a partner at KordaMentha (QLD), and will not influence the Administrators' ability to be able to fully comply with the statutory and fiduciary obligations associated with their appointment as Administrators of the Company in an objective and impartial manner.

On 12 June 2012, Ginette Muller and Joanne Dunn, who at the time were both partners of KordaMentha (Qld) were appointed as Administrators by the director of A.C.N. 058 342 019 Pty Ltd (Deregistered) ACN 058 342 019 (formerly known as Gold Coast United F.C. Pty Ltd & Football Southeast Pty Ltd) ("Gold Coast United").

At the time of the appointment as Administrators to Gold Coast United, the Director was Clive Mensink. Clive Palmer and Geoffrey Smith were former Directors.

At the Second Meeting of Creditors held on 17 July 2012, creditors resolved pursuant to Section 439C(c) of the Act that Gold Coast United be wound up. Ginette Muller and Joanne Dunn were duly appointed as Liquidators. Gold Coast United was deregistered by the Australian Securities Investment Commission on 29 March 2013.

The ultimate holding company of Gold Coast United at the time of the appointment was Minerology Pty Ltd, a related company of the Company. The work undertaken as administrators and subsequently liquidators of Gold Coast United occurred over three (3) years ago. This appointment will not influence the Administrators' ability to be able to fully comply with the statutory and fiduciary obligations associated with their appointment as Administrators of the Company in an objective and impartial manner.

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an Associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property that should be disclosed.

C. Indemnities and up-front payments

We have received the indemnities as described below for the conduct of the administration.

Name of Parties	<ul style="list-style-type: none"> ▪ QNI Resources Pty. Ltd. ACN 054 117 921 (QNIR); and ▪ QNI Metals Pty Ltd ACN 066 656 175 (QNIM).
Relationship with Company	<ul style="list-style-type: none"> ▪ QNIR: holds 80% of the shares in the Company which comprise 100% of the A Class Shares on issue in the Company; and ▪ QNIM: 20% of the shares in the Company which comprise 100% of the B Class Shares on issue in the Company. ▪ Clive Theodore Mensink is the sole director of each of QNIR, QNIM and the Company.
Nature of Indemnity	<p>Each of QNIR and QNIM have given a guarantee and unlimited indemnity in favour of the Administrators on account of amounts owing to the Administrators by the Company and unpaid. The indemnity extends to all liabilities incurred by the Administrators on behalf of the Company as well as our remuneration and outlays. The obligations of each of QNIR and QNIM are supported by a General Security Deed - All Property given by each of those entities in favour of the Administrators.</p>
Security for Indemnity General Security Deed - All Property Priority Deed	<p>Each of QNIR and QNIM has granted to the Administrators a security interest over all of its present and after acquired property to secure amounts owing by the Company and each of QNIR and QNIM to the Administrators under the <i>Corporations Act 2001</i> (Cth). This security interest has been registered on the Personal Property Securities Register (PPSR).</p> <p>The appointment of the Administrators to the Company does not of itself constitute an Event of Default under this document.</p> <p>Waratah Coal Pty Ltd and China First Pty Ltd have taken a security interest over all the present and after acquired property of each of the Company, QNIR and QNIM (Prior Securities). These securities pre-date</p>

<p>Other documents</p>	<p>the securities given in favour of the Administrators and are registered on the PPSR. The purpose of the Priority Deed is to regulate the competing priorities as between the Prior Securities and the securities granted in favour of the Administrators, including to provide that the securities granted in favour of the Administrators rank in priority to the Prior Securities</p> <p>An irrevocable power of attorney has been granted by each of QNIR and QNIM (each a Principal) and provides the Administrators with all the rights of a natural person to deal with any assets of a Principal from time to time.</p> <p>In addition, each document incorporates certain undertakings to be given by the Principal to the effect that the Principal must not deal with the Assets without the prior written consent of the Attorney.</p> <p>The Joint Venture Agreement contains restrictions on the provision of security and also the rights of QNIR and QNIM in any assignment or sale of its interest in the Joint Venture. A Side Letter provided by QNIR and QNIM addresses certain of these restrictions and requirements.</p>
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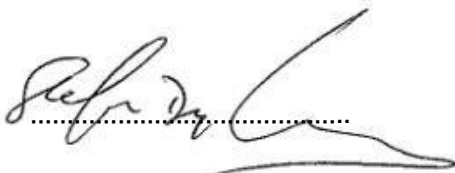
The Indemnity is in addition to statutory indemnities. We have not received any other indemnities or upfront payments that should be disclosed. The indemnity and securities will not impede our independence including because there are no conditions which will impact the objectivity of the voluntary administrators and the indemnity provided is essential to enable the voluntary administrators to perform their duties.



John Park



Kelly-Anne Trenfield



Stefan Dopking



Quentin Olde

Date: 1 February 2016

NOTE:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.