MINERAL DEVELOPMENT
LICENCE 62

WESTWOOD

ANNUAL REPORT FOR THE PERIOD

1 March 2014 to 28 February 2015

QER Pty Ltd.

Site	Westwood
Date	March 2015
Department	Mine & Resource Development
Author / Coordinator	G J Pope
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LOCALITY

1:250,000 sheet:	Rockhampton	(SF 5613)
1:100,000 sheet:	Mount Morgan	(8950)

KEYWORDS

Palladium, platinum, Bucknalla Complex, gabbro, farmout, geophysical interpretation, drilling program.

SUMMARY

This report documents work for Mineral Development Licence (MDL) 62, Westwood, Central Queensland, for the twelve-month period ending 28th February 2015. The MDL renewal lodged 30 August 2011 was granted in April 2014 with an amended work program. The current tenement term expires in February 2017.

Drilling, soil sampling and rock chip sampling have demonstrated that the Westwood MDL is host to significant highly anomalous PGE mineralization. However, to date there has not been enough drilling intersections within the MDL to establish a PGE resource.

A review of open file information lodged by neighboring explorers continued during the tenement year. Data compilation for the Westwood MDL and surrounding area was largely completed.

A consultant was engaged to interpret the results of two HOSIT EM helicopter surveys which overflew the Westwood MDL in 2002. The conclusions from the interpretation work are:

- Interpretation of the 2002 Hoist EM survey has defined a weak conductive trend trending NW through the Westwood Prospect, consistent with the general magnetic, geologic and topographic trends, but likely structurally offset across the end of the topographic ridge in the NW of the MDL.
- The conductor probably dips SW below the associated magnetic source. Depth extent is uncertain but likely to be of the order of 100 to 200 metres.
- This conductive trend appears to be poorly tested by existing drilling.

The geophysical models have been based on weak EM anomalies identified in the older surveys. A seven hole program with an aggregate 610m has been defined. Four drill sites have been located to test mineralization continuity in previous drillholes, EM anomaly trends and magnetic anomalies. A further two holes, each of approximately 100m will be sited depending on the results of the drilling of the first five holes. Focus on this location is primarily driven by access to favourable topographic positions. Further investigation is required for some of these locations.

The Westwood prospect is one of the few recorded platinum group elements occurrences in Queensland. Both the platinum and palladium markets have experienced a mixed response to market forces during 2014 with prices reacting to supply shortfalls as a result of strike action in South African mines in the first half of the year. Overall however palladium finished 2013 flat and Palladium prices about 13% below to those at the commencement of the year. Overall palladium finished 2014 up by 10% at $811 and platinum down significantly 13.1% to $1206. As at 16 March 2015 palladium at $770 and platinum at $1115 asking price were $2 lower and $311 lower than at the same period in 2014.

The intention of the holders with respect to MDL 62 continues to be the development of a precisely targeted exploration drilling program and the identification of a suitable farm-in partner to investigate the MDL area or divestment of the tenement by outright sale.

INTRODUCTION

The Westwood Palladium/Platinum Prospect is located about 1.5 kilometres west of the Central Queensland township of Westwood, which is located on the Capricorn Highway and the Rockhampton-Longreach railway, 50 kilometres southwest of Rockhampton (Figure 1).

The area hosts one of the few known hard-rock Platinum Group Element (PGE) occurrences in Queensland. The regional geology and exploration history of the prospect were outlined in the application document and are detailed in the Final Report for EPM 4190 (Pope, 1991).

Geology of the Westwood area is depicted at 1:100,000 scale on the Mount Morgan geological sheet published by the Queensland Geological Survey.

TENEMENT

Mineral Development Licence 62, "*Westwood*", covering a surface area of approximately 15.8 hectares, is held by a joint venture consisting of Queensland Energy Resources Limited (80%, manager) and Mackenzie-Forbes and Clarke (20%, diluting interest). MDL 62 was granted on 7th February 1992, commencing 1st March 1992 for a period of 5 years, consequent on the conditional surrender of Mining Lease 5815 and Exploration Permit (Minerals) (EPM) 4190. In 2005, the interests in the MDL of prior co-holders Southern Pacific Petroleum NL and Central Pacific Minerals NL were assigned to Queensland Energy Resources Limited.

MDL 62 has been renewed for consecutive 5 year terms ending in 2002, 2007 and 2012. A MDL renewal lodged on 30 August 2011 was granted in April 2014 with an amended work program. The current tenement term expires in February 2017.

Table 1 below provides a tenure summary.

Table 1: Tenure Summary – MDL 62

Mineral Development Licence 62 – Westwood	
Granted	7th February 1992
Commenced	1st March 1992
Renewed	1997, 2002, 2007, 2014
Expiry Date	28 February 2017
Area	Approx. 15.8 ha

The activity report for the 2013-2014 tenement year was compiled and submitted to the Department in March 2014 (Pope, 2014).

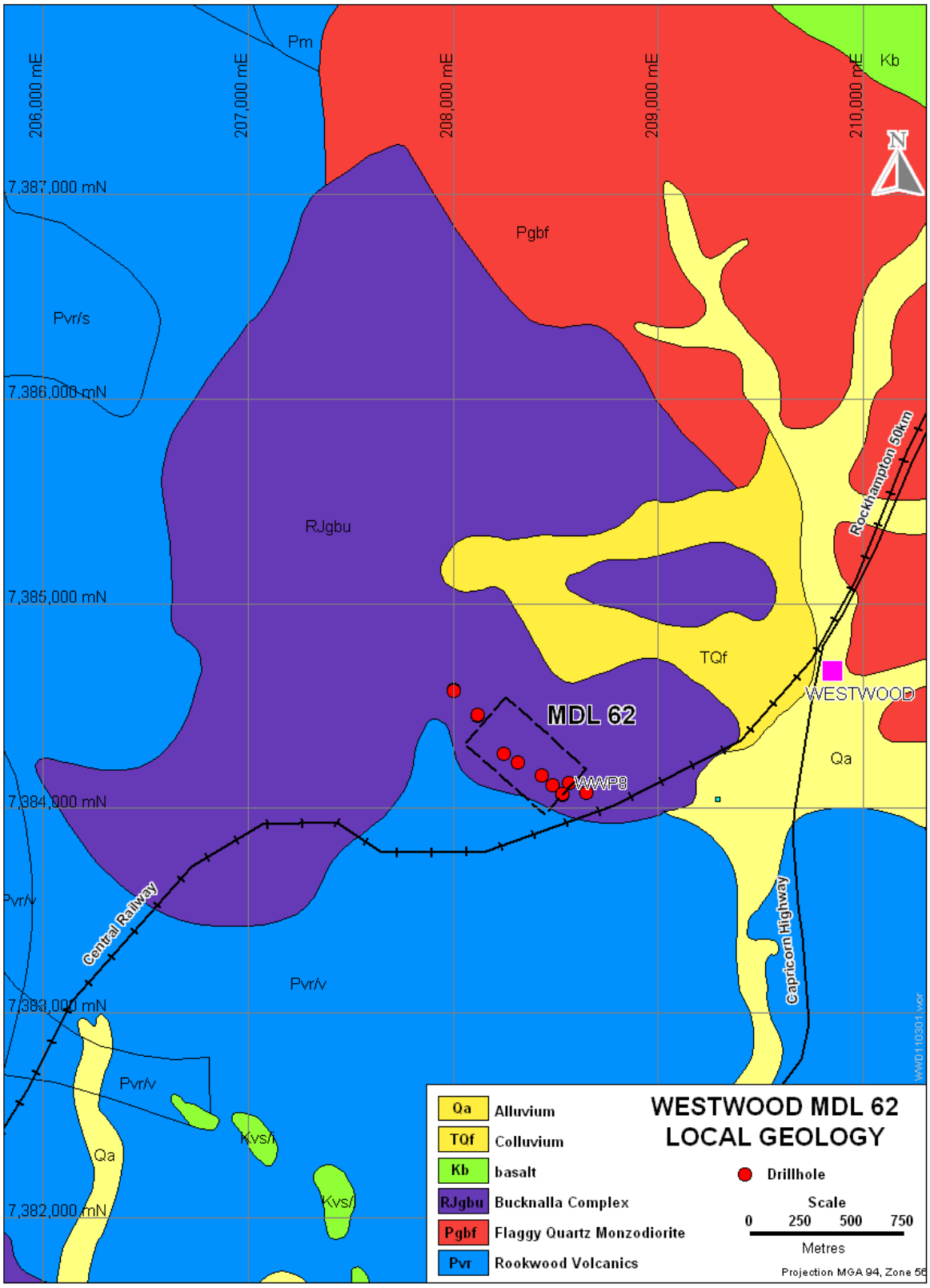

Figure 1: Location MDL 62, Bucknalla Complex and Local Geology

Environmental Authority

Application was made to the Environmental Protection Agency (EPA) for conversion of the original transitional Non-Standard Environmental Authority to a Standard Environmental Authority (SEA) under the *Environmental Protection Act (1994)*. The guidelines and triggers within the code are such that the current Westwood programs can continue without modification. The conditions of the SEA also allow for minor drilling programs and surface investigations with limited disturbance.

The Standard Environmental Authority applicable to the Westwood MDL was granted on 7 March 2002 (M4400). As of March 2012, the QEPA-issued map of Environmentally Sensitive Areas shows none such within, or within several kilometres of, the MDL 62 area.

EXPLORATION ACTIVITY FOR THE 12 MONTHS TO 28 FEBRUARY 2015

Program for the 12 Months to 28 February 2015

The approved program for the period is

- Geological and technical evaluation
- Commodity review and economic assessment
- Exploration program design
- Drill site access and approvals

Geological and Technical Evaluation

Exploration mapping completed at Westwood in the mid 1980's has been scanned and converted to digital map format. The mapping was undertaken on the Westwood grid.

Rock chip, soil geochemistry and trench assay data have been compiled to digital format. Drilling data from historical programs at Westwood has been added to a database together with drilling and exploration data from previous exploration on neighbouring tenements.

Ground geophysical data from surveys on the Westwood grid have been projected and gridded.

Mineralisation intersected in drill holes, assays from trench and surface sampling has established the grade of PGE (Pt-Pd) to be in the range 0.5g/t to 4.14g/t over intervals between 1m and 2m in the mineralised area and zones investigated. The drilling on which this evaluation is based is summarized in Table 2 and Table 3. The technical information is contained in a JORC Table 1 Technical Commentary (Appendix 1).

Table 2: Drillhole Locations

HOLE	Easting	Northing	RL	Depression	Azimuth	TD m.
WWP1	208758.3	7384263.8	96	-58	2	24
WWP2	208639.0	7384254.1	121	-50	43	26
WWD6	208592.1	7384300.2	138	-58	61	70.1
WWP7	208540.3	7384346.2	147.6	-60	202	50
WWP8	208669.5	7384312.7	121	-61	19	50
WWR9	208421.8	7384411.3	159.6	-59	205	42
WWP10	208638.3	7384256.8	121.5	-60	34	43

Table 3: Drilling Results – line of hole – true width unknown

HOLE	From (m)	To (m)	Pd (ppm)	Pt (ppm)	Au (ppm)	Cu (ppm)
WWP1	2	4	0.73			
WWP1	9	10	0.70			
WWP2						
WWP5						
WWD6	14.2	14.6	0.88		0.84	2400
WWD6	15.3	17	3.81	0.34	0.55	2100
WWD6	21.0	22.3	1.47			
WWP7						
WWP8						
WWR9						
WWP10						

Cut-off – Pd 0.5ppm, Pt 0.5ppm, Au 0.5ppm, Cu 1,000ppm

Drilling, soil sampling and rock chip sampling have demonstrated that the Westwood MDL is host to significant highly anomalous PGE mineralization. However, to date there has not been enough drilling intersections within the MDL to establish a PGE resource (see later).

The bulk the exploration data outside the Westwood MDL was collected by Glengarry Resources Limited during exploration on EPM 13305 between 2001 and 2004. The exploration focused on the northern section of the Glengarry tenement within the Bucknalla Complex (MDL 62 on the southwestern margin of the intrusive) and saw the completion of:

- Two helicopter EM (HoistEM) surveys and interpretation
- Thirty rock chip samples mainly from the Magda One prospect – best results were 0.7g/t Pd, 0.43g/t Au, 0.13 g/t Pt and 0.49% Cu in a sheared gabbro (north of the Westwood tenement), and
- A total of 25 RC percussion holes (2,006m) drilling – 22 holes were drilled at the Magdalene prospect (east of the Westwood tenement) and 3 holes at the Magda One prospect.

The drilling and rock sampling activity focused on the Magdalene and Magda One prospects about 500m E and 1.5km NW of MDL 62 respectively. The prospects were interpreted by Glengarry to lie within the basal portion of the layered intrusive near a postulated feeder pipe. The drilling focused on drilling EM anomalies with the best results from the Magdalene prospect. The Magda One holes found sulphides in stockwork zones of pyrite, pyrrhotite and chalcopyrite explaining the EM anomalies whereas the

drilling at the Magdalene project found anomalous Cu, Pd ± Au interpreted to be associated with primary magmatic sulphides in fine to medium grained olivine gabbro and pryoxenite.

ActivEx Limited followed with EPM 15814 between 2006 and 2009 however minimal work was completed:

- Literature review
- Data compilation
- Geological reconnaissance
- Scintillometer survey and rock chip sampling

Geological reconnaissance was conducted in several areas of interest but the prospectivity was considered low and the area relinquished.

The area is currently being explored under EPM 18760 by Central Minerals Pty Ltd, a subsidiary of Solomon Gold Limited (area granted 23 January 2012 expiring 22 January 2017).

GEOPHYSICAL INTERPRETATION

Both the Westwood and Fred Creek Hoistem surveys flown by GPX for Glengarry in 2002 overflew the MDL 62 area in their coverage of the Bucknalla and Fred Creek Gabbro intrusive bodies. The Geodiscovery Group was engaged to review and interpret those parts of the surveys that overflew MDL 62.

The GPX Hoistem comprised 200-metre spaced lines over a larger survey area flown in a N-S direction (Fred Creek survey) together with a smaller area flown in the vicinity of the Westwood Prospect at 200-metre line spacing in an E-W direction (Westwood survey). The Westwood Prospect lies near the end of a prominent N-W trending ridge (Figure 2 and Figure 1 in Appendix 1).

Drilling programs have been completed by several companies at Westwood and the near vicinity based on both geological/mapping and geophysical targets. The more recent Glengarry drilling focused on EM targets located outside the MDL 62 area (Alston et al, 2004).

A detailed ground magnetic grid has also covered the Westwood Prospect area and associated trend towards the east and NW (Figure 2b, Appendix 1). The 100-metre spaced SW-NE lines of the ground magnetic survey show much more detail in the vicinity of Westwood MDL than the equivalent heli-mag from the Hoistem survey (Figure 2a, Appendix 1). In both surveys, the main magnetic trend in the area is closely aligned with the prominent NW-trending topographic ridge. Both the filtered heli-mag and ground-mag images indicate some continuity to the Westwood shaft mineralistion, and a likely structural offset towards the northwest end of the MDL area.

Images of the Hoistem response for both surveys are shown in Figure 3 (for mid-time response) and Figure 4 (for late-time response) in Appendix 1. The respective channel

images for the EW and NS lines show similar overall responses. The profile data shown in these images were exported to Maxwell for evaluation of the actual profile responses.

The resultant, generally fairly weak, anomalies for each line were plotted and the conductive trends plotted in Figures 2, 3 and 4 in Appendix 1. These trends are also shown in Figure 2.

It is apparent from these images and maps that the conductive EM trends appear to lie just to the north of the residual magnetic highs. A window of the magnetic data was extracted and subjected to 3D inversion modelling using the UBCMAG3D software (representative N-S sections are shown below in Figure 5 in Appendix 1). The magnetic model is shown in plain view in Figure 2. The 3D magnetic model confirms that the magnetic source associated with the Westwood Prospect dips moderately towards the SW. Further, the magnetic source associated with the Westwood shaft location is slightly offset towards the NE from the more continuous magnetic source lying along the trend of the NW ridge and extending to the northwest.

Subsequent modelling and review of the Hoistem TEM data in Maxwell indicated the EM anomalies are predominantly quite weak conductors and the best modelling on the relatively noisy data indicates a vertical to steeply SW-dipping conductive source lying below the magnetic source (Figure 2) . A best-fit conductive plate indicates that the plate is located near the collars of drillholes WWP08 and WWP01, both of which record anomalous Au-Pd-Cu over short intervals from surface. Views illustrating the relationships of the conductive plate, the magnetic model and the drillholes are included in Appendix 1 (Figures 6a, 6b and 6c).
No other drillholes appear to have tested the weak conductive trend down-dip from these intersects. The Westwood Shaft and associated drillhole WWD06 appear to be about 40m to the SW of the plate location at surface.

The conclusions from the interpretation work are:

- Interpretation of the 2002 Hoist EM survey has defined a weak conductive trend trending NW through the Westwood Prospect, consistent with the general magnetic, geologic and topographic trends, but likely structurally offset across the end of the topographic ridge in the NW of the MDL.
- The conductor probably dips SW below the associated magnetic source. Depth extent is uncertain but likely to be of the order of 100 to 200 metres.
- This conductive trend appears to be poorly tested by existing drilling.

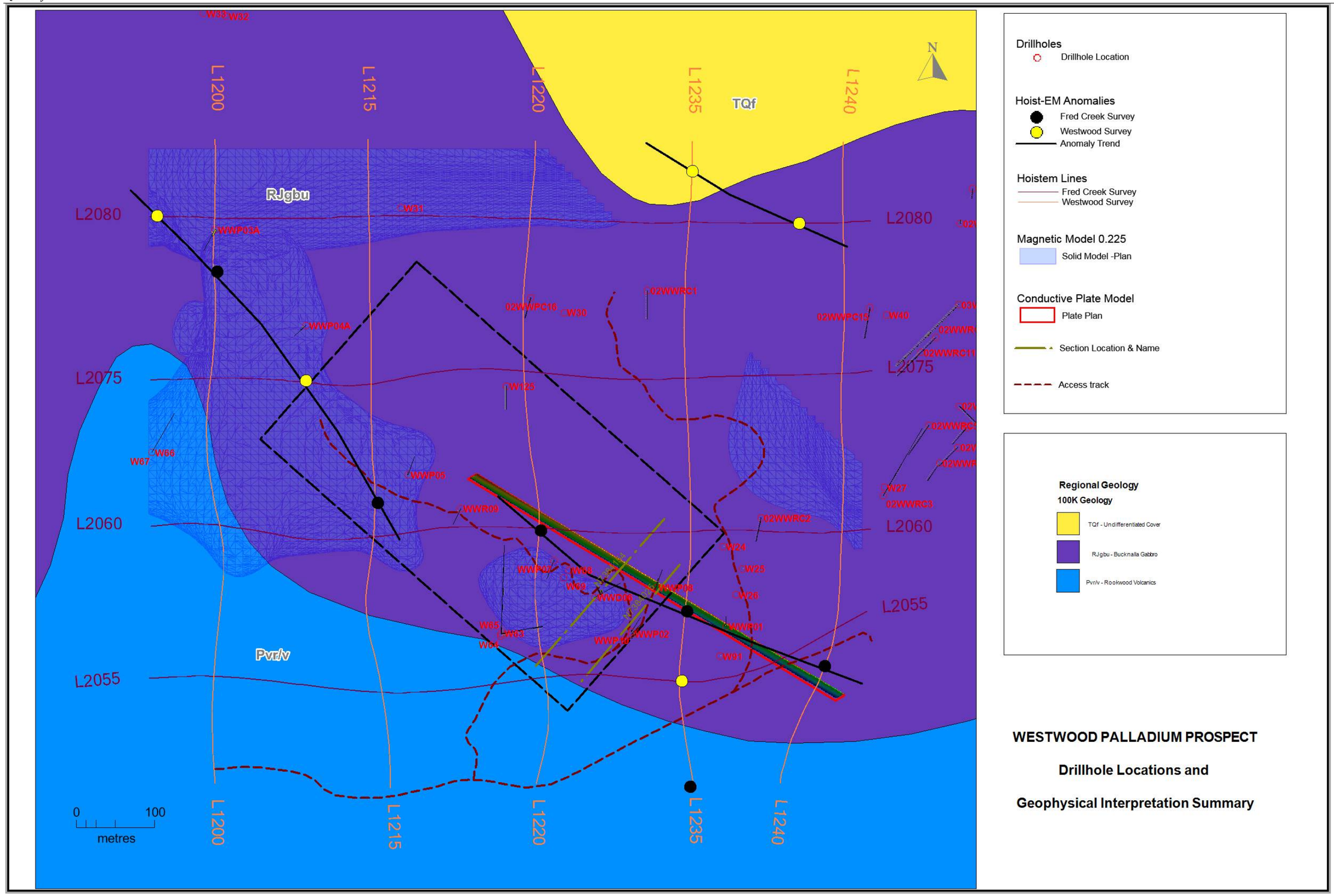

Figure 2: Westwood Palladium Prospect, Drillhole Locations and Geophysical Interpretation Summary.

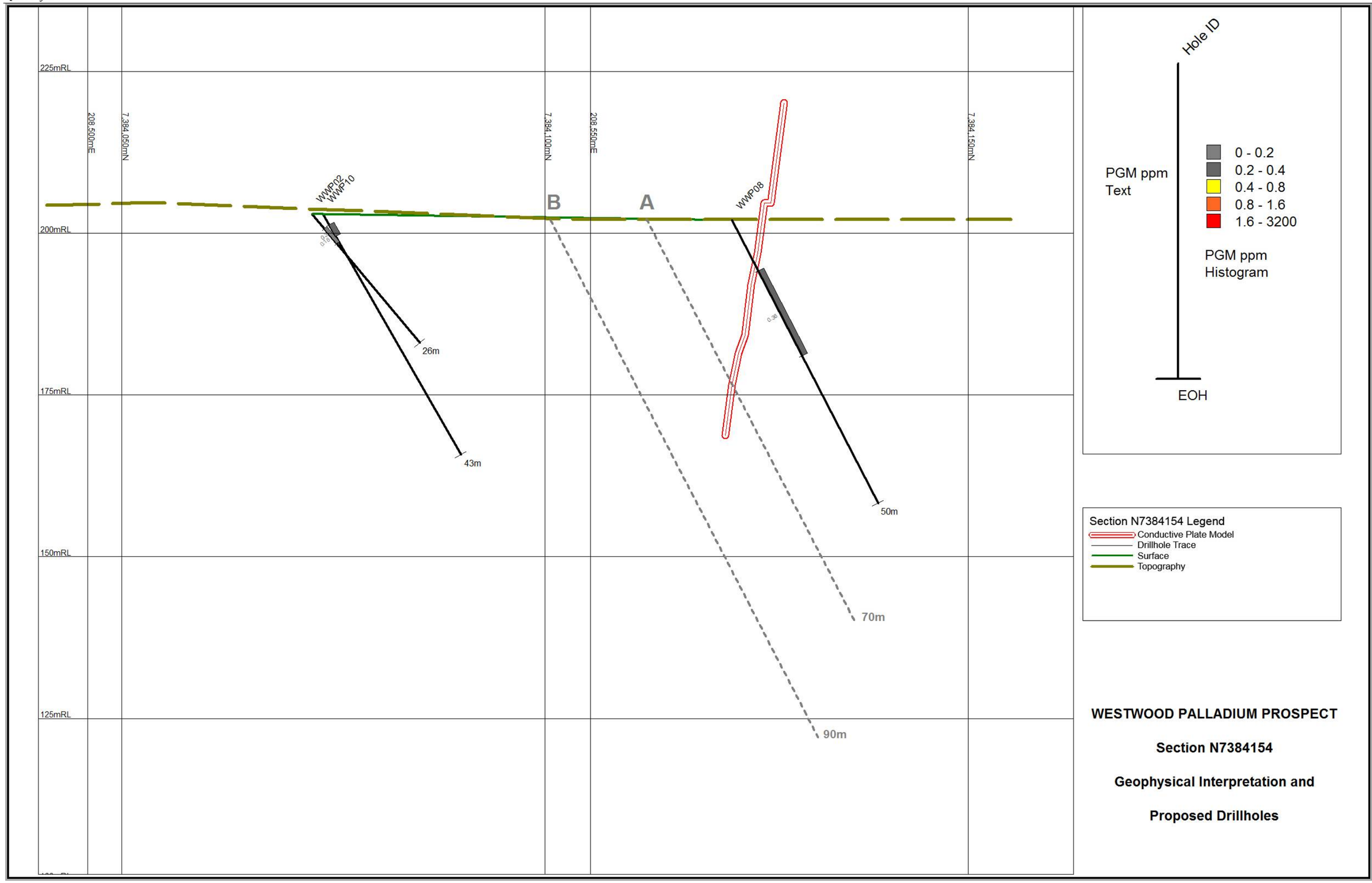

Figure 3: Westwood Palladium Prospect, Section N7384154

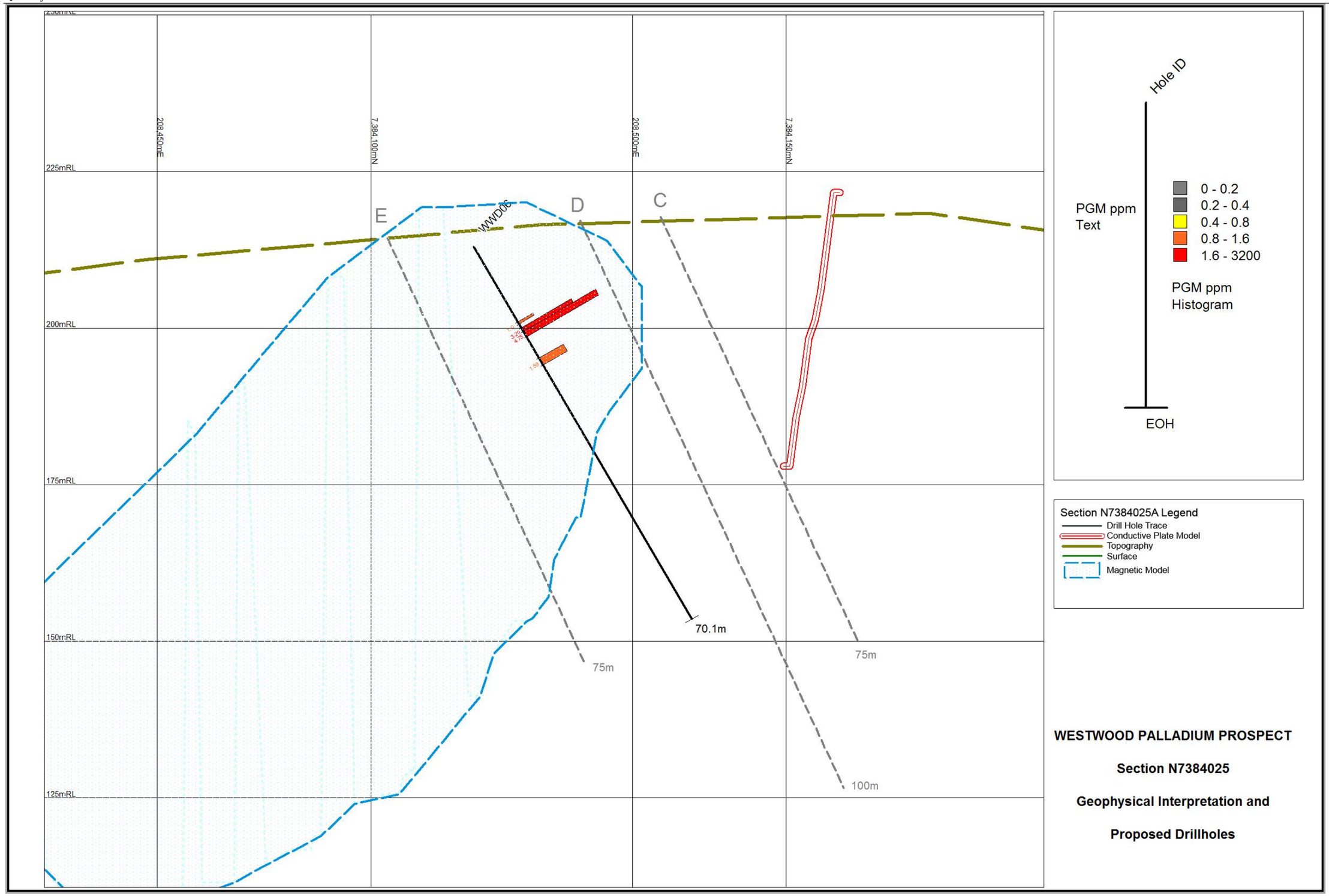

Figure 4: Westwood Palladium Prospect, Section N7384025

PROPOSED EXPLORATION PROGRAM

A drill program has been designed to test both mineralization continuity and geophysical anomalies modelled in the southeastern part of the MDL. Focus on this area is primarily driven by access to favorable topographic positions for drill pads. Further investigation is required for some of these locations (Figure 3 and Figure 4) before drill parameters can be finalised.

The geophysical models have been based on weak EM anomalies identified in the older surveys. A seven hole program with an aggregate 610m has been defined. Four drill sites have been proposed on sections N7384025 (Figure 4) and N7384125 (Figure 3) to test mineralization continuity in previous drillholes, testing of EM anomaly trends and magnetic anomalies. A further two holes, each of approximately 100m will be sited depending on the results of the drilling of the first five holes.

RESOURCE EVALUATION

Exploration and evaluation within the MDL has not outlined sufficient potentially economic mineralisation to establish a Mineral Resource estimate under JORC Guidelines.

Based on the results of mineral exploration to date, an Exploration Target of between 200,000 tonnes and 500,000 tonnes may be expected within the MDL boundaries at depths shallower than 200m below surface.

Currently estimates for PGE in the Australian by Geoscience Australia (Australian Mines atlas put 400 kilograms of the published PGE EDR as accessible for mining while the balance of 4.3 tonnes occurs within national parks. The reason for the low Accessible EDR (AEDR) figure for PGEs is that PGE resources are generally not reported by nickel-cobalt producers where PGEs are a by-product of nickel mining. World PGM resources are estimated at more than 100 million kilograms. Approximately 66 million kilograms are classified as reserves of which 95% are situated in South Africa (USGS,2015). Australia's share of world EDR was less than 0.1%.

Australia's PGE production (platinum and palladium) in 2012 amounted to 706 kg, which was very minor by world standards. The production was exclusively from nickel sulphide deposits hosted by Archean komatiitic rocks in the Yilgarn Craton of WA. World production for 2014 was estimated at 161,000kg platinum and 190,000kg palladium (USGS, 2015). Production is dominated by South Africa (72% Pt, 32% Pd)

About half of Australia's Identified Resources of PGEs are in the following deposits, which have PGEs as the major commodity. The following are extracted from the Australian Mines Atlas.

Munni Munni (WA): Published Measured, Indicated and Inferred Resources of 23.6 million tonnes (Mt) at 1.5 grams per tonne (g/t) Pd, 1.1 g/t Pt, 0.1 g/t Rh, 0.2 g/t gold (Au), 0.09% nickel (Ni), and 0.15% copper (Cu).

Panton (WA): Measured, Indicated and Inferred Resources total 14.3 Mt at 2.19 g/t Pt, 2.39 g/t Pd, 0.31 g/t Au, 0.27% Ni, and 0.07% Cu. On 20 March 2012, Platinum Australia Ltd announced the results of a review of the Panton project, reporting that it would generate a net present value (NPV) on base case assumptions of US$15 million with an initial capital cost of US$172 million. The operating costs was estimated to be US$830 an ounce of Pt+Pd+Au concentrate produced with an average annual production rate of 83 000 oz. On 21 May 2012, Panoramic Resources Ltd announced that it had purchased the Panton PGE deposit from Platinum Australia Ltd. Panoramic reported in its quarterly report for June 2013 that it was in the process of assessing the 2012 bankable feasibility study.

Fifield (NSW): Platina Resources Ltd announced Indicated and Inferred Resources totalling 12.7 Mt at 0.7 g/t Pt for its Owendale North, Cincinnati and Milverton deposits at Fifield. The company also published a scandium (Sc) resource of 10.1 Mt at 340 g/t Sc. Historical production from Fifield amounts to about 640 kg of PGEs. On 11 September 2012, Platina Resources announced results of a scoping study which indicated the economic and technical viability of a combined platinum and scandium mining operation supporting an average mining rate of 6.9 million tonnes per annum (Mtpa) for three years. For the scoping study, capital expenditure was estimated to be $222 million and annual operating costs $62 million for the first three years, reverting to approximately $42 million once platinum processing ceased.
More recently, Platina has reported a scoping study based on a mine of 50,000tpa producing 30 tonnes of scandium (99% purity) per annum for its Owendale Scandium Project. The study is based on an Indicated and Inferred Mineral Resource (JORC 2012) of 24 million tonnes of scandium grading 384ppm Sc (at a cut-off of 300ppm Sc). It was estimated that more than 90% of the accompanying platinum mineralisation in the Owendale ore was extracted by the HPAL processing technique to recover the scandium. Accordingly, the Owendale Project has the potential to become Australia's first scandium producer with platinum credits. (Platina Resources Limited, 2015).

Weld Range – Parks Reef (WA): A published Inferred Resource amounted to 14.76 Mt at 1.1 g/t Pt+Pd+Au which occurs in a truncated lateritic profile overlying low-grade primary PGE mineralisation in ultramafic rocks The Weld Range PGE deposit is adjacent to the very large Weld Range lateritic nickel-cobalt deposit which has an Inferred Resource of 330 Mt at 0.75% Ni and 0.06% cobalt (Co). An Inferred Resource of 63.5 Mt at 5.2% chromium (Cr), 38% iron (Fe) and 0.38% Ni at a cut-off grade of 4% Cr also occurs within the Weld Range nickel-cobalt deposit.

Commodities Markets

The 2014 gross demand for platinum is forecast to hit a record at to 8.52 million ounces and palladium to be at 10.51 million ounces. Both metals are predicted to be in deficit with respect to mined supply in 2014 by 3.4Moz and 4.3Moz respectively. However, these deficits will be partially off-set by supply from recycling which softens the deficit to 1.13Moz and 1.62Moz respectively (Johnson-Matthey, 2014). Continued demand for platinum in the jewelry market is expected to ease, with a continued rebound in both the catalyst and industrial demand markets to follow on from 2013. Overall palladium

finished 2014 up by 10% at $811 and platinum down significantly 13.1% to $1206. As at 16 March 2015 palladium at $770 and platinum at $1115 asking price were $2 lower and $311 lower than at the same period in 2014 (Kitco, 2015). Figure 5 and Figure 6 below show the price graphs for the periods 2014, early 2015 and the historical period 1992 to present.

A strike at three main platinum mining companies in South Africa between January and June 2014 and lost production was estimated at about 33,600 kilograms of platinum and lost revenue of about US$2.3M (USGS, 2015). Overall production of platinum for 2014 was down on that for 2013 which gave rise to the higher demand supply deficit for 2014. The demand was primarily driven by automotive and industrial sectors. A similar scenario for supply deficit for palladium was seen during 2014 although not as pronounced as for platinum as the majority of production is from outside South Africa from mines and byproduct from Ni ores. Both the platinum and palladium deficits in 2014 were satisfied from producer stocks and cumulative above ground stocks at market prices. It is estimated that above ground stocks of platinum have decreased from 4.14 million oz at the end of 2012 to 2.15 million oz at the end of 2014.

Cumulative supply of platinum from 2006 has largely been eliminated over the last three years and despite market volatility, the global market is expected to remain in deficit in the short to medium term with a steady increase in demand exceeding growth in primary and secondary supply. Increased vehicle loadings to achieve Euro 6 emission limits are likely to provide growth in the gross autocatalytic demand.

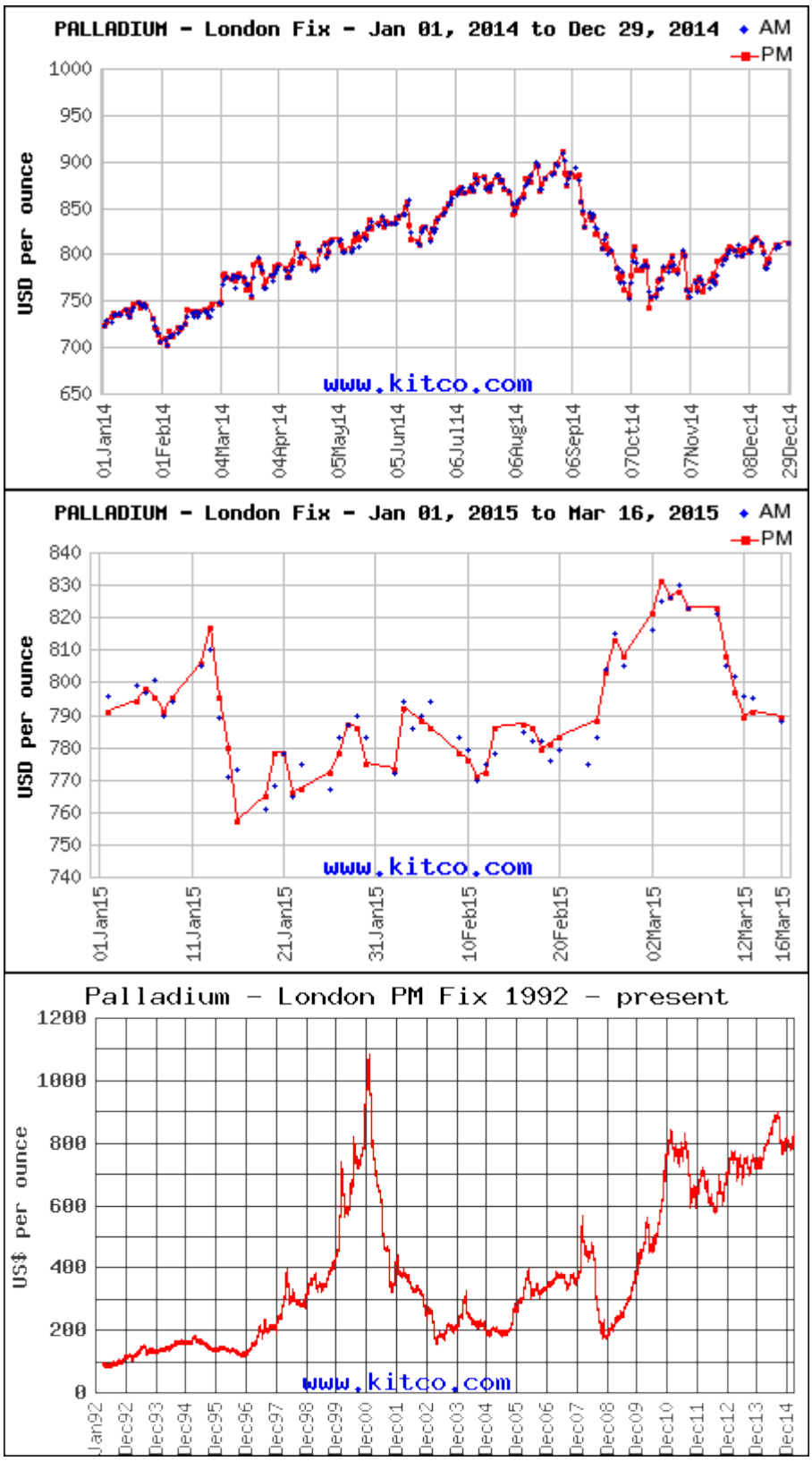

Figure 5: Palladium price charts – London fix 2014, Jan-Mar 2015, & 1992 - present

Source: Kitco Precious Metals
http://www.kitco.com/scripts/hist_charts/yearly_graphs.plx

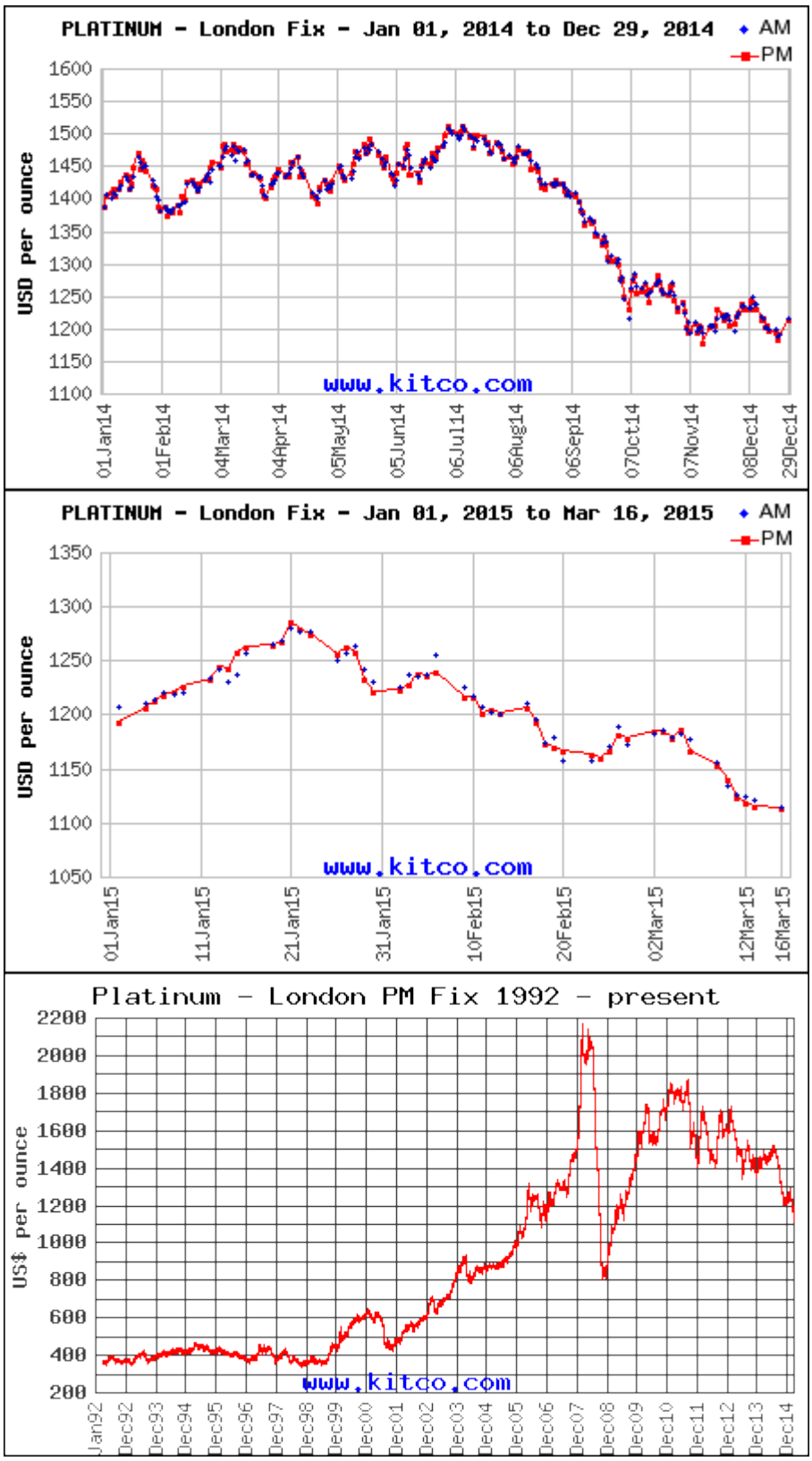

Figure 6: Platinum price charts – London fix 2014, Jan-Mar 2015, & 1992 - present

Source: Kitco Precious Metals
http://www.kitco.com/scripts/hist_charts/yearly_graphs.plx

Palladium is expected to continue in supply deficit in the short to medium term due to the growth in petrol vehicles

Any changes in the price of both platinum and palladium will be strongly influenced by the economic cycle since the use of both metals has strong industrial bias, particularly in the motor and transport industries.

The platinum and palladium markets are set to be in deficit for 2015 due to fall in metal availability. However it is not anticipated that this will continue and prices will cycle with changes in demand and supply.

Farm-out Activities

EPM 18760 is held by Central Minerals Pty Ltd now wholly owned by Solomon Gold Limited, which surrounds the Westwood MDL, covers a number of Permian-Triassic gabbros, including the Bucknalla Complex, prospective for platinum group elements was granted in January 2012.

The Westwood joint venture will assess possible farm-in possibilities with the EPM holder. Given the anticipated long term demand-supply balance and price outlook for platinum and palladium, a positive outcome may be anticipated. Other explorers currently active in the Westwood vicinity include GBM Resources Limited of Perth (EPM17105 and EPMA 17734).

ACTIVITY IN MDL 1 MARCH 2015 – 28 FEBRUARY 2016

Further analysis of the compiled exploration data and re-interpretation of geophysical data will continue. Additional exploration work may be considered to finalize the structure a targeted exploration drilling plan for the tenement. The holders will continue to monitor the market and examine opportunities for development or further exploration as they present. The current uncertain market trends and a flat level of exploration activity and new mine development will provide a considerable challenge to the development of the PGM occurrence at Westwood.

The holders will continue to discuss farm-in options for Westwood with other explorers as they arise.

The work program as submitted in the renewal for the term Year 4 is:

YEAR	PERIOD	Program	Estimated Expenditure
4 (Year 24)	1-03-2015 to 28-02-2016	• Geological and technical evaluation • Commodity review and economic assessment. • Exploration program design (up to 5 drill holes) • Drill site access and approvals.	$80,000

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APPENDIX 1: Geophysical interpretation report.

Review of Geophysics (Hoistem EM and Magnetics) at Westwood Prospect, Qld

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Memo

To: Graham Pope

From: Graeme Mackee

cc:

Date: 28th February 2015

Re: **Review of Geophysics (Hoistem EM and Magnetics) at Westwood Prospect, Qld**

INTRODUCTION

In 2002, a heli-borne TEM survey was completed over a large area encompassing the Westwood MDL by GPX Airborne Pty Ltd for Glengarry Resources Ltd. This memo reviews the Hoistem results over the Westwood MDL area for QER. The GPX Hoistem comprised 200-metre spaced lines over the entire survey area flown in a N-S direction (the Fred Ck survey), and a smaller area flown in the vicinity of the Westwood Prospect at 200-metre line spacing in an E-W direction (the Westwood survey).
The Westwood Prospect lies near the end of a prominent N-W trending ridge (Fig 1).

DISCUSSION

Drilling programs have been completed by several companies at Westwood and the near vicinity based on both geological/mapping and geophysical targets. A detailed ground magnetic grid has also covered the Westwood Prospect area and associated trend towards the east and NW (Fig 2b). The 100-metre spaced SW-NE lines of the ground mag show much more detail in the vicinity of Westwood than the equivalent heli-mag from the Hoistem survey (Fig 2a).
The main magnetic trend in the area is closely aligned with the prominent NW-trending topo ridge, although both the filtered heli- and ground-mag images indicate some continuity to the Westwood Prospect, albeit with a likely structural offset.
Images of the Hoistem response for both surveys are shown in Figs 3 (for mid-time response) and Figs 4 (for late-time response). The respective channel images for the EW and NS lines show similar overall responses but some localised differences are apparent – these are related to the movement of the aircraft and EM system during the reading time along the orthogonal flight-line directions for the two surveys (for a static ground survey, we would expect no differences for an in-loop Tx-Rx configuration). While these images show relevant trends and emphasise the positive EM peaks, it must be noted that, dependent on the conductor geometry and attitude, the significant part of the response may well be the low associated with an "M" shaped EM response. The profile data shown in Figs 3 and 4 were windowed out in Geosoft and exported to Maxwell for evaluation of the actual profile responses.

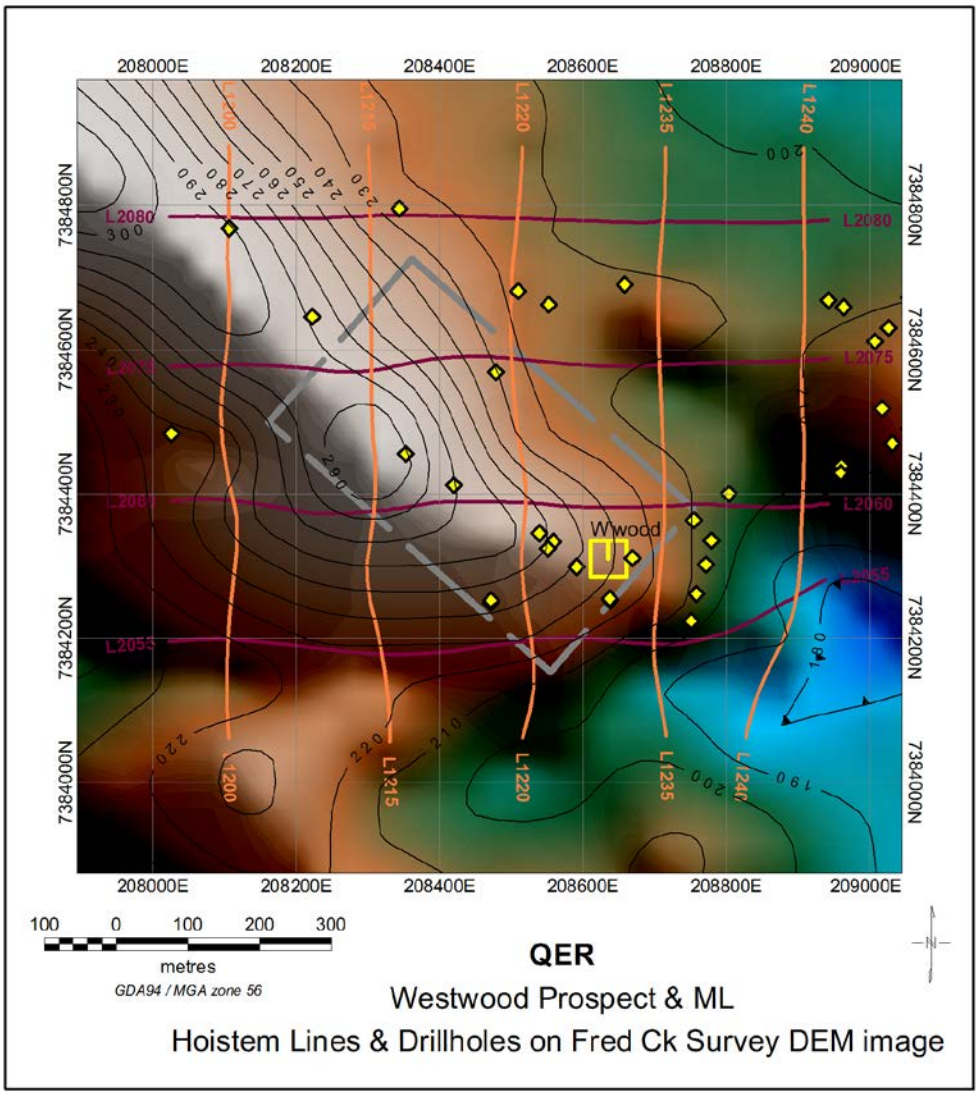

Fig 1: Westwood Prospect & ML area, showing Topo image from Fred Ck Hoistem Survey,drillholes and Fred Ck (N-S) and Westwood (E-W) flight lines.

The resultant, generally fairly weak, anomalies for each line were plotted (white symbols: Fred Ck / Yellow symbols: Westwood) and the conductive trends plotted in Figs 2, 3 and 4.
It is apparent from Figs 2 that the conductive EM trends appear to lie just to the north of the residual magnetic highs. A window of the magnetic data was extracted and subjected to 3D inversion modelling using the UBCMAG3D software, and representative N-S sections are shown below in Fig 5.
The 3D magnetic model confirms that the magnetic source associated with the Westwood Prospect dips moderately towards the SW. Further, the Westwood magnetic source is slightly offset towards the NE from the more continuous magnetic source lying along the trend of the NW ridge.
Subsequent modelling and review of the Hoistem TEM data in Maxwell indicated the EM anomalies are predominantly quite weak conductors and the best modelling on the relatively noisy data indicates a vertical to steeply SW-dipping conductive source lying below the magnetic source. Importation of the best-fit conductive plate to a 3D map in Geosoft *montaj* indicates that the plate is located near the collars of drillholes WWP08 and WWP01, both of which record anomalous Au/Pd/Cu over short intervals from surface.
Views illustrating the relationships of the conductive plate, the magnetic model and the drillholes are included below in Figs 6a, 6b and 6c.
No other drillholes appear to have tested the weak conductive trend down-dip from these intersects.

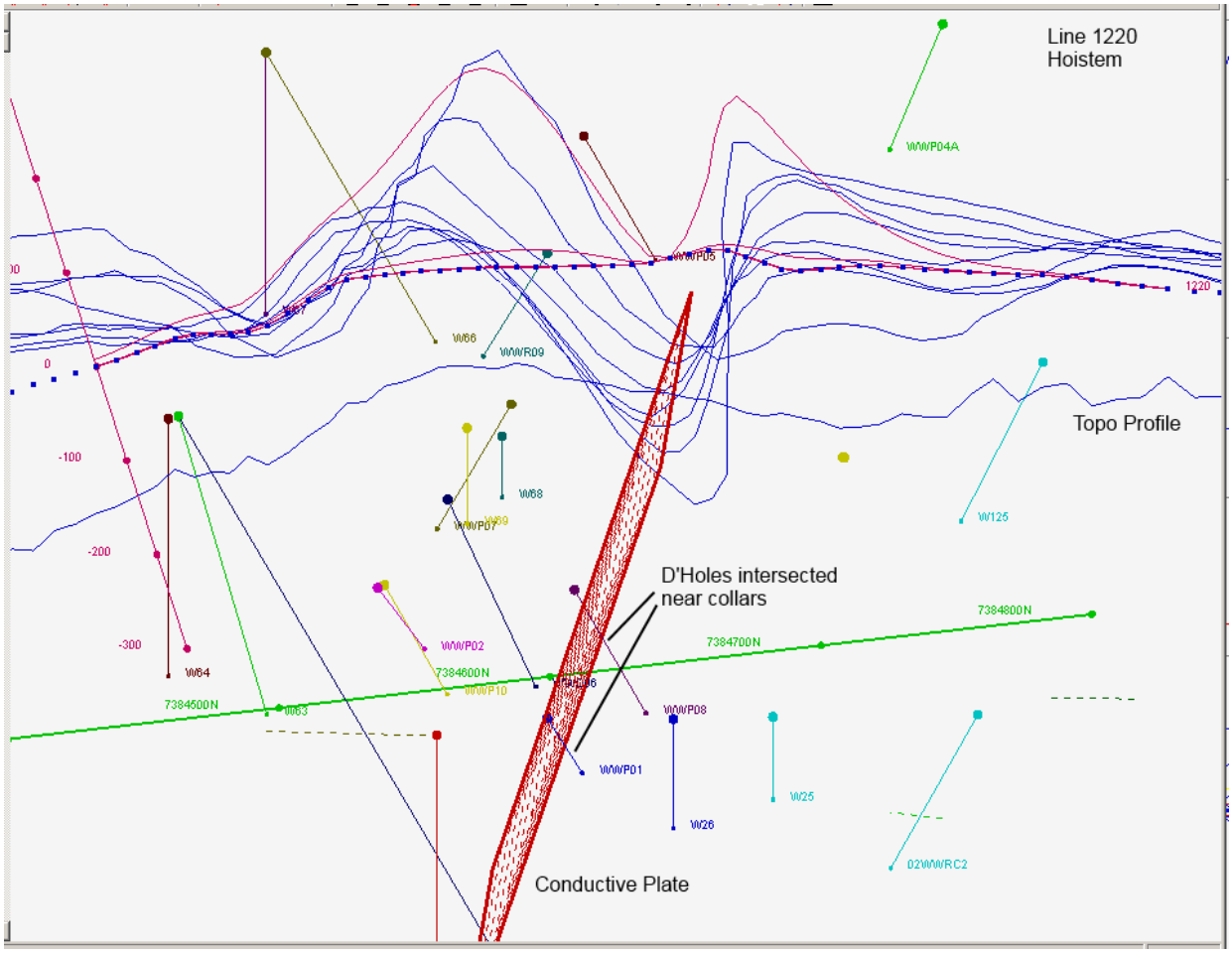

Fig 6a: 3D view from Maxwell showing best-fit plate and drillholes- the collars of WWP01 and WWP08 lie at the top of the plate.

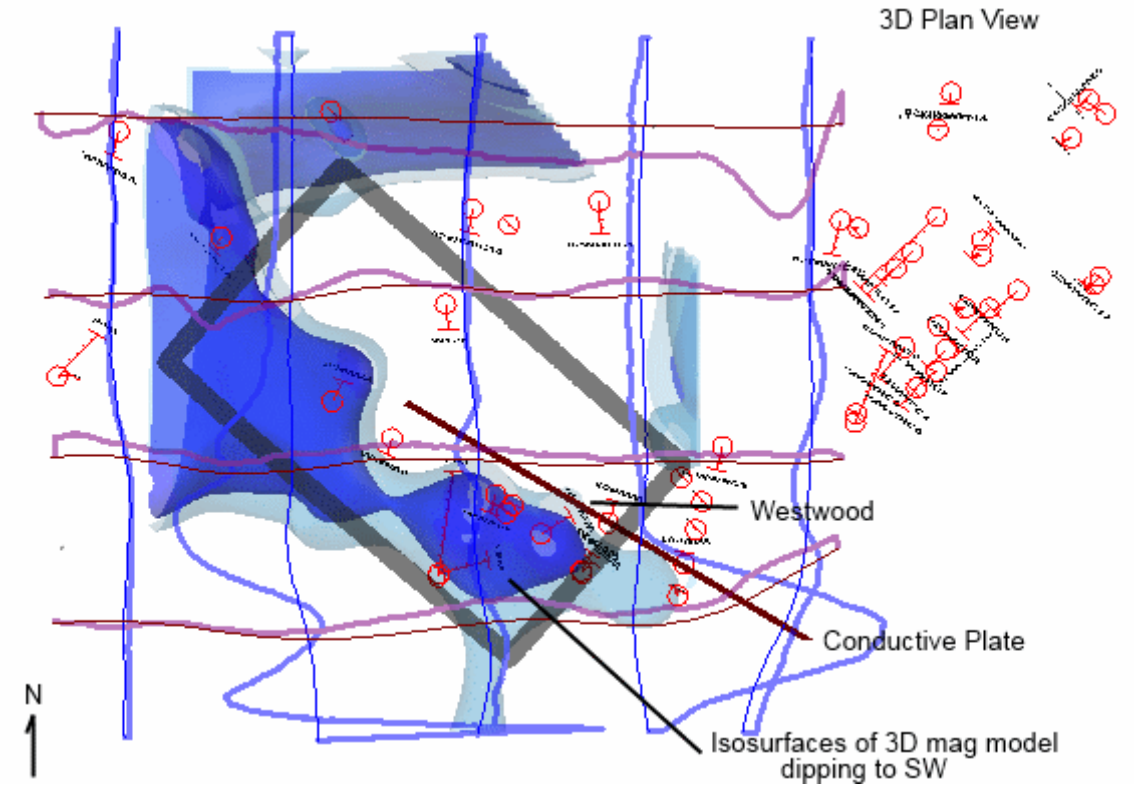

Fig 6b: 3D plan view from Geosoft montaj showing best-fit plate and drillhole, plus isosurfaces of the 3D magnetic model.

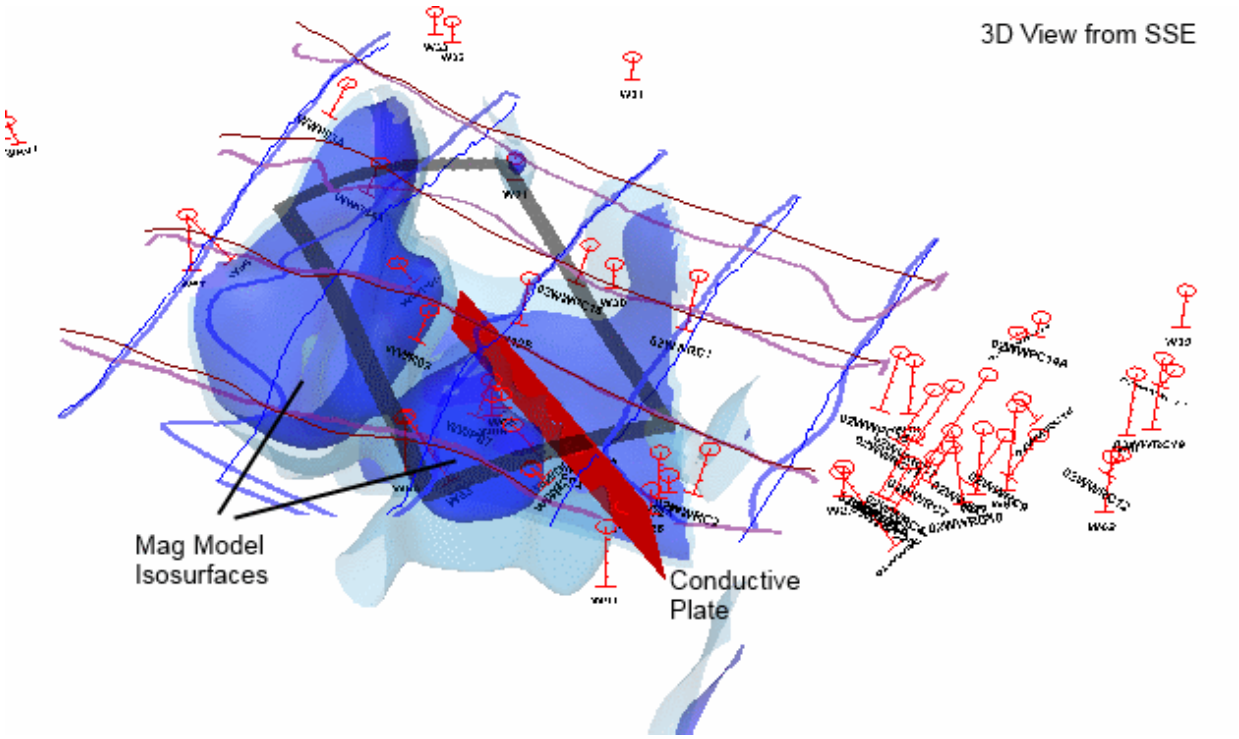

Fig 6c: 3D view from SSE showing best-fit plate and drillhole, plus isosurfaces of the 3D magnetic model

CONCLUSIONS

- The 2002 Hoistem has defined a weak conductive trend trending NW through the Westwood Prospect, consistent with the general magnetic and topographic trends, but likely structurally offset across the end of the topo ridge to the NW.

- The conductor probably dips SW below the associated magnetic source. Depth extent is uncertain but likely to be of the order of 100 to 200 metres.

- This conductive trend appears to be poorly tested by existing drilling.

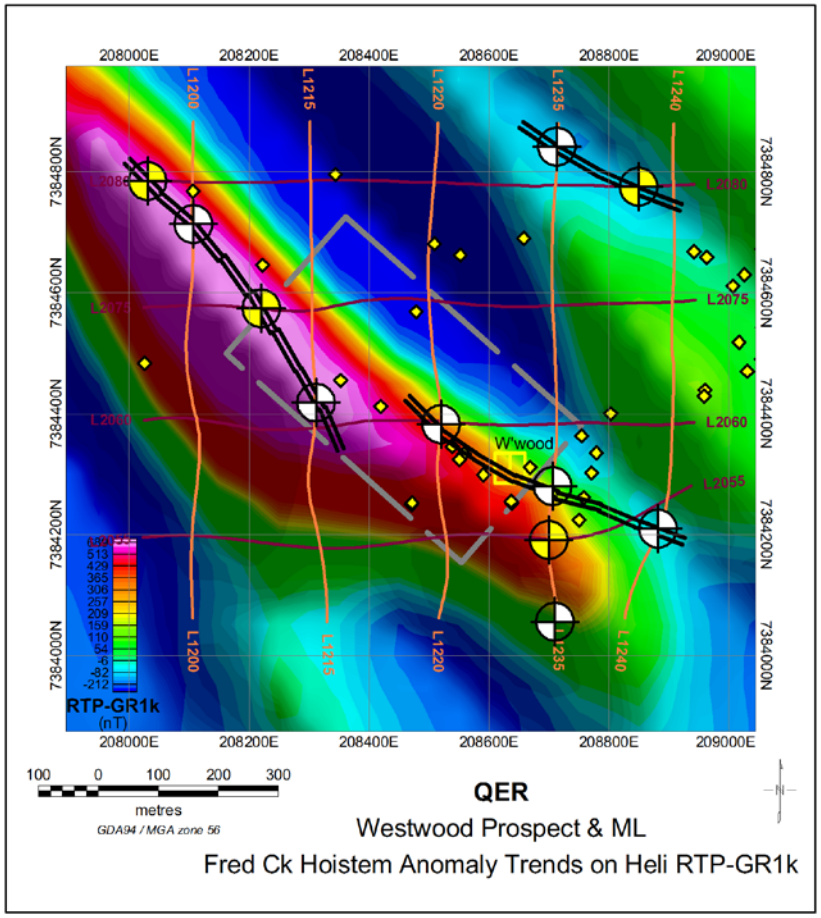

Fig 2a: Windowed Fred Ck (N-S) and Westwood (E-W) Hoistem lines near the Westwood ML. Background is the residual RTP Heli-Mag image; Drillholes: small yellow diamonds; Hoistem anomalies and trends: yellow/white symbols and black double lines.

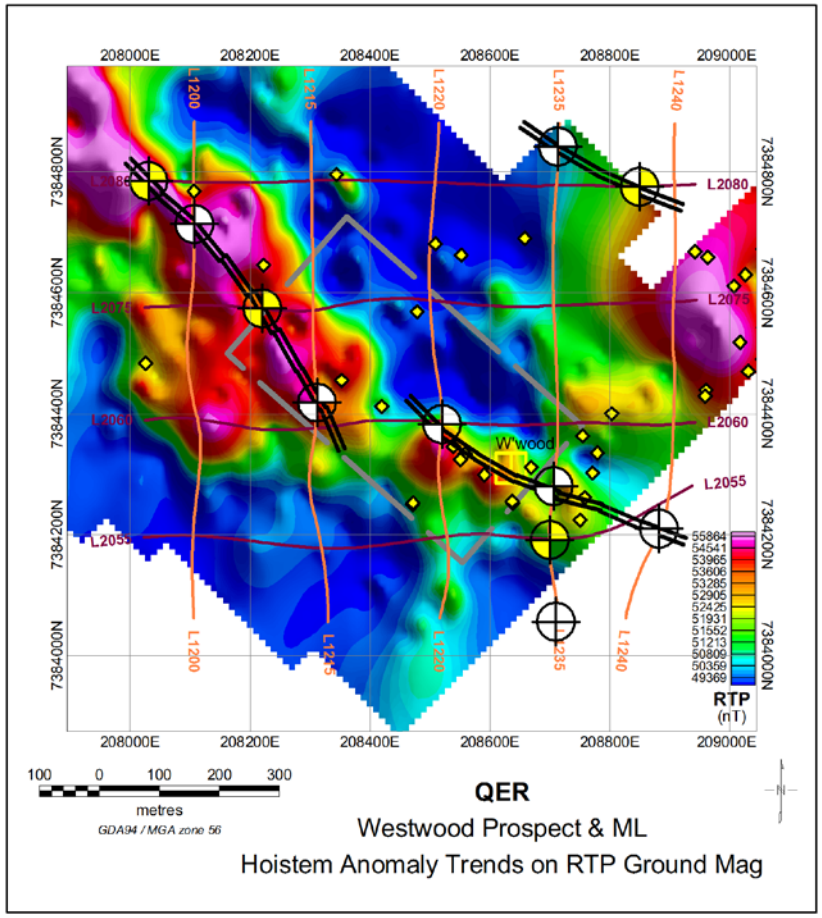

Fig 2b: Windowed Fred Ck (N-S) and Westwood (E-W) Hoistem lines near the Westwood ML. Background is the RTP Gnd-Mag image; Drillholes: small yellow diamonds; Hoistem anomalies and trends: yellow/white symbols and black double lines.

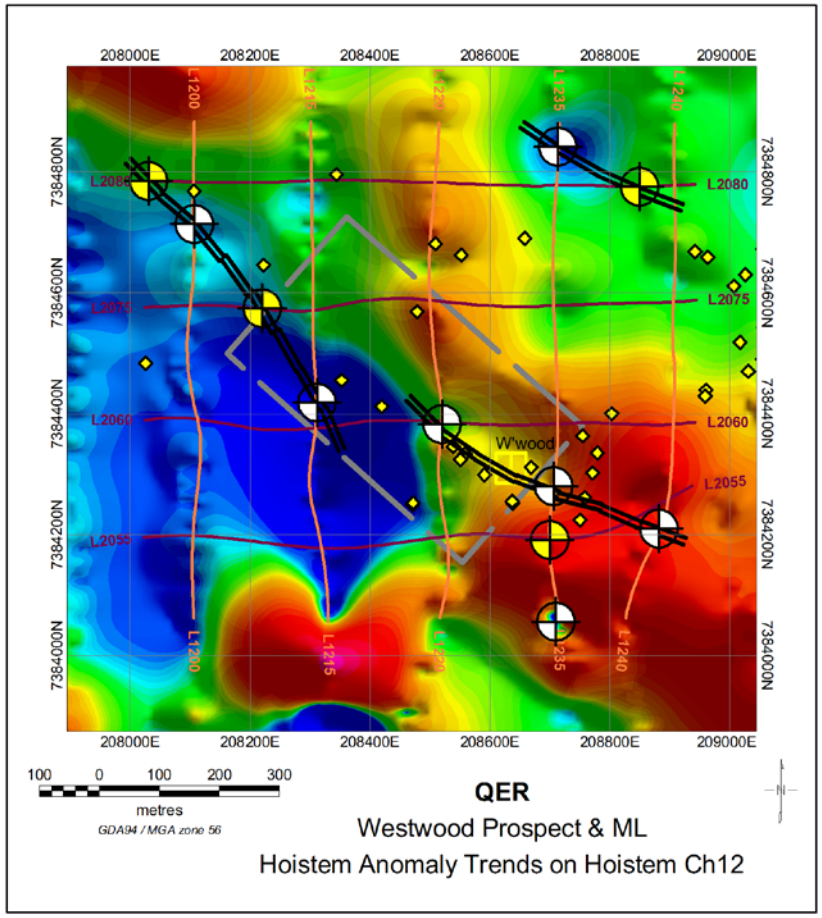

Fig 3a: Windowed Fred Ck (N-S) and Westwood (E-W) Hoistem lines near the Westwood ML. Background is the Fred Ck Hoistem Ch12 (mid-time) image; Drillholes: small yellow diamonds; Hoistem anomalies and trends: yellow/white symbols and black double lines.

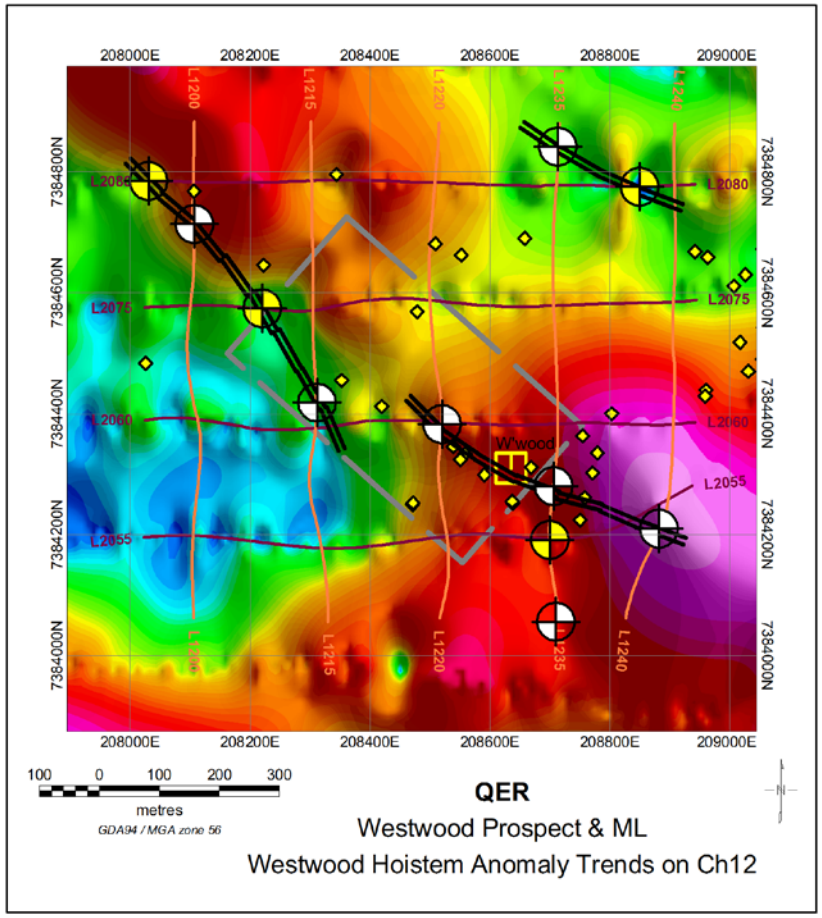

Fig 3b: Windowed Fred Ck (N-S) and Westwood (E-W) Hoistem lines near the Westwood ML. Background is the Westwood Hoistem Ch12 (mid-time) image; Drillholes: small yellow diamonds; Hoistem anomalies and trends: yellow/white symbols and black double lines.

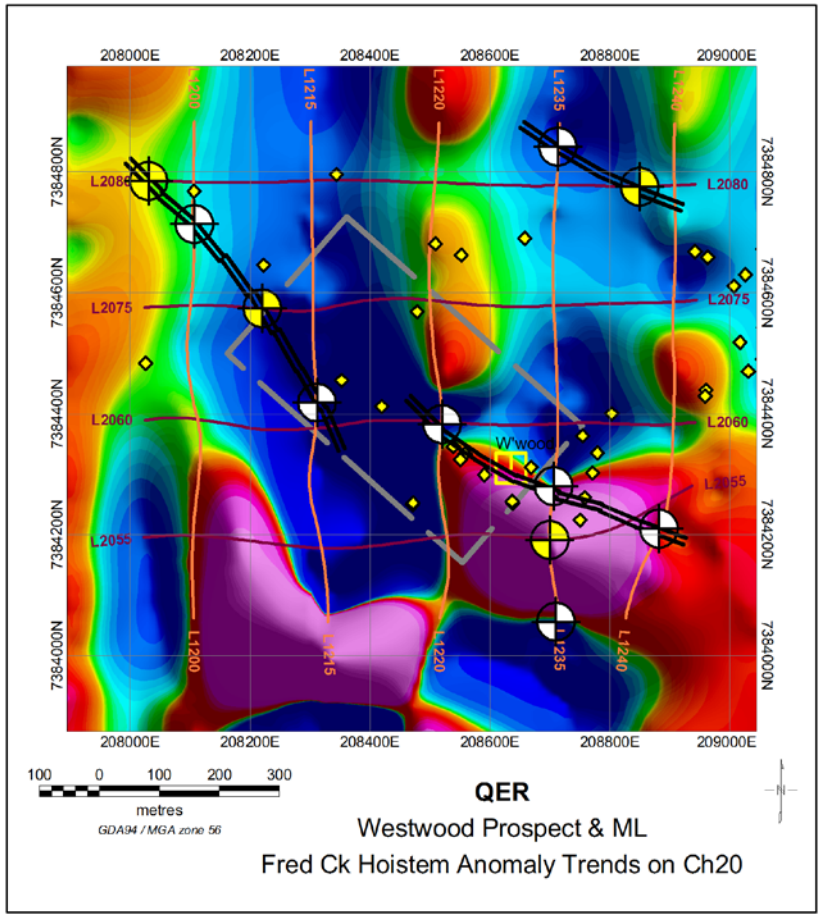

Fig 4a: Windowed Fred Ck (N-S) and Westwood (E-W) Hoistem lines near the Westwood ML. Background is the Fred Ck Hoistem Ch20 (late-time) image; Drillholes: small yellow diamonds; Hoistem anomalies and trends: yellow/white symbols and black double lines.

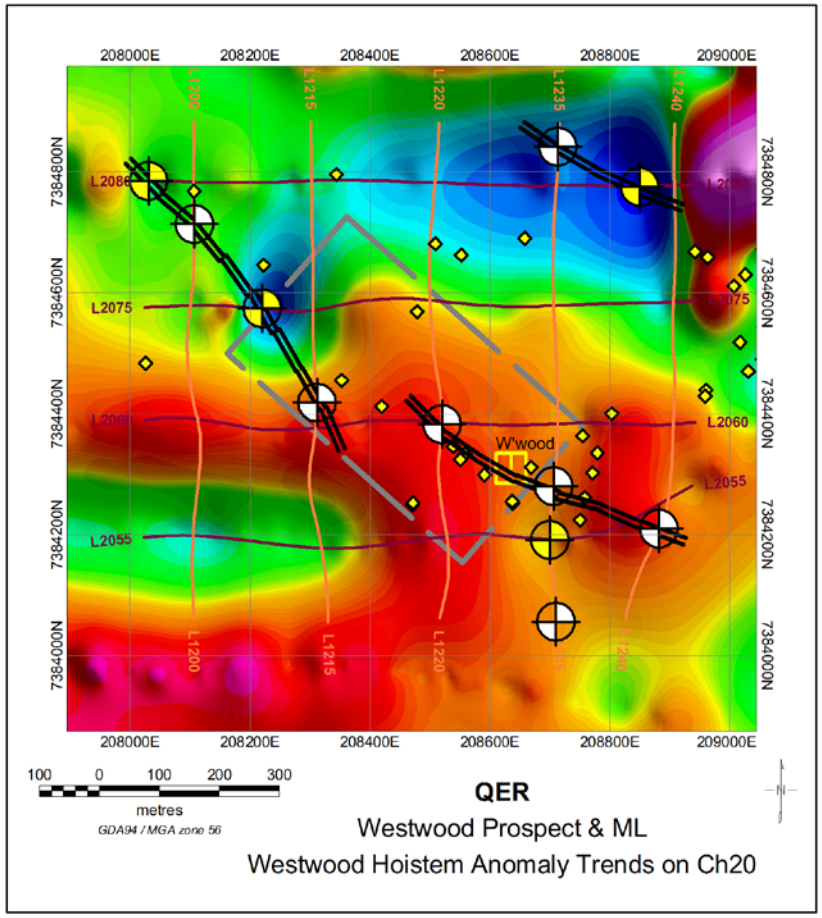

Fig 4b: Windowed Fred Ck (N-S) and Westwood (E-W) Hoistem lines near the Westwood ML. Background is the Westwood Hoistem C202 (late-time) image; Drillholes: small yellow diamonds; Hoistem anomalies and trends: yellow/white symbols and black double lines.

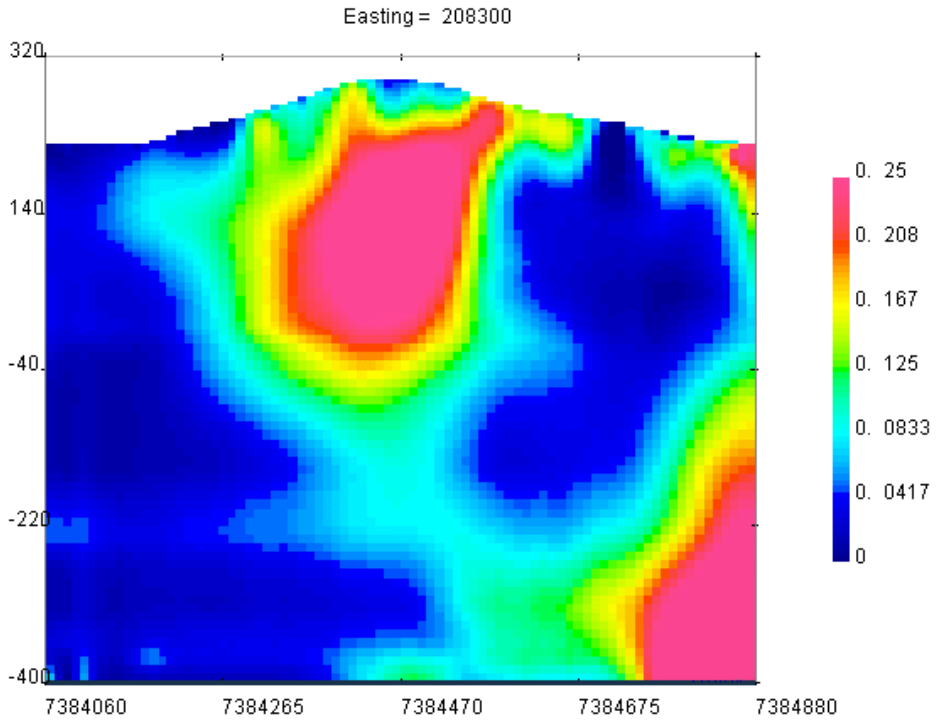

Fig 5a: UBCMAG3D N-S model section at 208300E. ie to the west of Westwood across the prominent ridge.

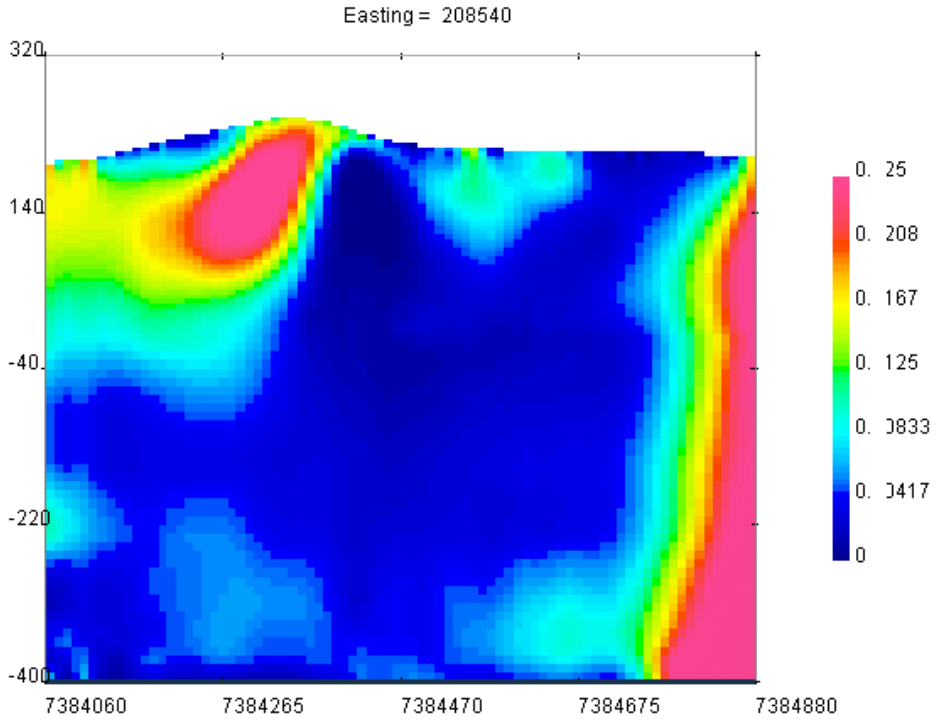

Fig 5b: UBCMAG3D N-S model section at 208540E. ie just to the west of Westwood.

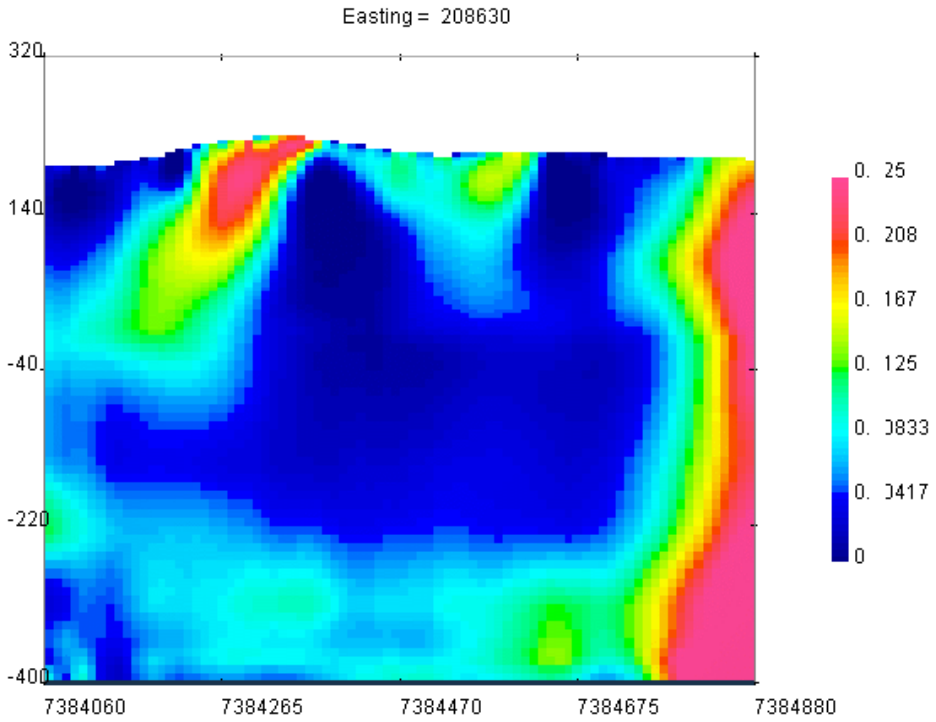

Fig 5c: UBCMAG3D N-S model section at 208630E. ie through Westwood, showing moderate south (actually SW) dipping magnetic source associated with Westwood Prospect.

APPENDIX 2: JORC TABLE 1 – Guideline Commentary.

JORC Table 1 – Guideline Commentary

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Primary sampling from drill core and percussion samples with random chips at surface. Samples from core are logged intervals of half split core. • Percussion chip samples are riffle split at site with approx. 1kg sample sent for assay and split retained for reference.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• NQ core and 51/2in percussion drilling techniques used.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between*	• Core sample recovery recordered on length recovered per core run. Chip sample recovery by sealed T-piece at hole collar, piped to cyclone collector. • Cyclone collection of percussion samples. • No relationship observed.

Criteria	JORC Code explanation	Commentary
	sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• All core and chip samples geologically logged and log recordered to a level for support estimation.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Logging is qualitative. No systematic photography of either core or costeans was completed.
	• *The total length and percentage of the relevant intersections logged.*	• 100% of all core and percussion samples logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Core hand split and half core to assay
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• Percussion samples riffle split at drill site on dry samples.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Sample preparation crushing and split completed at the laboratory.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Subsampling completed at laboratory under lab procedures consistent with type of mineralisation under investigation.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• No field duplicate or half sampling undertaken in the field.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample size of 1kg for disseminated mineralistion.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Assay by Classic Laboratories Ltd. Pt, Pd and Au assay by Fire Assay total techniques. Cu assay by AAS.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• No geophysical tools used for analysis.
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable*	• No standards or blanks submitted with assay batches.

Criteria	JORC Code explanation	Commentary
	levels of accuracy (ie lack of bias) and precision have been established.	
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No verification of significant intersections. • No twinned holes. • All documentation of primary data in hard copy, hand recordered. • No assay adjustments made
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• All ground locations have been mapped using survey and plane table mapping techniques on a prospect grid. Prospect grid tied to grid using handheld GPS. • Working prospect grid tied to AMG86 Zone 56 at drillhole collars and MDL boundary corner posts. • Topographic control by plane table mapping and level and staff – relative accuracy to +/10cm • Topo coverage for MDL 62 - 1m LiDAR DEM topographic accuracy +/-0.15m vertical +/-0.45m horizontal (flown 3/8/2012)
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data spacing not consistant. • Data spacing is not sufficient to establish grade or continuity appropriate for Mineral Resource estimation. • No sample compositing has been done.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Sampling has been undertaken across mapped intrusion layering. Mineralistion orientation has not been fully established and bias may occur in some instances. • Drilling is inclined at between 50 and 65 degrees below horizontal to intersect interpreted mineralised horizons within igneous layering.
Sample	• *The measures taken to ensure*	• Sample submission sheets

Criteria	JORC Code explanation	Commentary
security	*sample security.*	submitted with each sample batch.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There have been no audits or reviews.

Section 2 Reporting of Exploration Results
(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• MDL 62 is held under a Joint Venture agreement between Queensland Energy Resources Limited (80%), David Clarke (20%) and Bruce Mackenzie-Forbes (20%). • MDL 62 is under application for renewal lodged 29 August 2011.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration is summarised in the MDL application document.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The deposit is a mineralised layered intrusive hosted in the Late Permian Bucknalla Complex.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• A summary of drill hole information is shown in Table 1 and results in Table 2.
Data aggregation	• *In reporting Exploration Results, weighting averaging techniques,*	• Drillhole intersections interval weighted. Cut-off – Pd 0.5ppm, Pt

Criteria	JORC Code explanation	Commentary
methods	*maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	0.5ppm, Au 0.5ppm, Cu 1,000ppm applied.
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• Aggregated intervals are both above cut-off and contiguous.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Metal equivalent values not used.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*	• All intercept lengths are reported line of hole. No adjustment for mineralised widths has been made as the absolute mineralisation thickness orientation is unknown.
	•	
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• Geometry of the mineralisation is not established.
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Detailed Maps and sections are presented in the MDL 62 application document lodged in 1992.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	•
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Copper is the only significant metal of elevated grade associated with the Pt and Pd mineralisation. • Geochemical soil sample grid on lines

Criteria	JORC Code explanation	Commentary
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	•

Table 4: Drillhole Locations

HOLE	Easting	Northing	RL	Depression	Azimuth	TD m.
WWP1	208758.3	7384263.8	96	-58	2	24
WWP2	208639.0	7384254.1	121	-50	43	26
WWD6	208592.1	7384300.2	138	-58	61	70.1
WWP7	208540.3	7384346.2	147.6	-60	202	50
WWP8	208669.5	7384312.7	121	-61	19	50
WWR9	208421.8	7384411.3	159.6	-59	205	42
WWP10	208638.3	7384256.8	121.5	-60	34	43

Table 5: Drilling Results – line of hole – true width unknown

HOLE	From (m)	To (m)	Pd (ppm)	Pt (ppm)	Au (ppm)	Cu (ppm)
WWP1	2	4	0.73			
WWP1	9	10	0.70			
WWP2						
WWP5						
WWD6	14.2	14.6	0.88		0.84	2400
WWD6	15.3	17	3.81	0.34	0.55	2100
WWD6	21.0	22.3	1.47			
WWP7						
WWP8						
WWR9						
WWP10						

Cut-off – Pd 0.5ppm, Pt 0.5ppm, Au 0.5ppm, Cu 1,000ppm

APPENDIX 2: ACKNOWLEDGEMENT AND WARRANTY

1. Subject to 2, QER Pty Ltd acknowledges that this Report, including the material, information and data incorporated in it has been made under the direction of control of the State of Queensland (the State) within the meaning of section 176 of the Copyright Act 1968 (Cwth).

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