

Fuel for Thought

It's Darkest Just Before the Dawn...



Bruce Andersen
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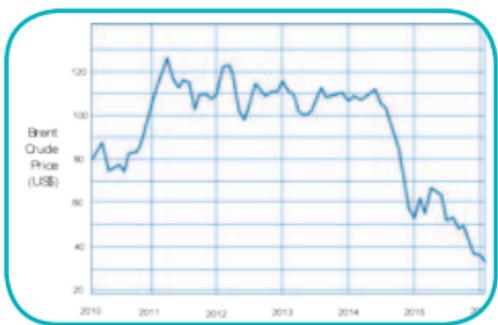
Well, it hasn't been too cheery a start to the year if you're in the resources industry.

I guess those of us who have worked in the industry for some time have been through a number of commodity cycles and we know that the hard times eventually give way to the good. However the current downturn is a deep one for nearly all commodities and our thoughts go out to those people whose jobs have been directly affected by it.

The oil price has continued its downward slide from the start of the year. With OPEC seemingly stepping out of its role of keeping the oil price stable, it's not surprising that there is more volatility.

From QER's perspective, while a market downturn always feels 'dark', we know it is a temporary situation. Much of the world's oil is selling for below cost and that is not sustainable. We know that demand for fuel is continuing to grow. Currently there is almost no investment in new production capacity. In fact we expect to see more capacity shutting down, which means the current oversupply will eventually turn around and prices will rebound.

We remain very optimistic about the fundamentals of our industry in the long term. We know Australia will need its own sources of transport fuel in the future and we are continuing to patiently work towards helping meet that need. We don't know exactly when, but we know things will pick up. That said, despite our nerves of steel, like everyone in the industry, we hope to see the first bit of daylight in the not too distant future! Once the economy starts turning around we will all have lot more confidence in the security of our jobs and the future for Australia in general.



Brent Crude Oil price
2010 - 2016



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