



## Aussie Q Resources Limited

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### **ANNUAL GENERAL MEETING**

**Town & Country Motel, 2 Southport-Nerang Road, Nerang, Qld. 4211**  
**28 November 2008 at 11.00 am**

### **CHAIRMAN'S UPDATE TO SHAREHOLDERS**

Dear Shareholder,

Since my address to you last November, your Company has achieved significant progress.

The details of the extent of the Drilling Program and their results have been reported to the ASX as they have been received.

On 25 September, 2008, the Company was pleased to announce its Maiden Resource Statement for the Whitewash Project Area, prepared by Independent Consultants, SRK Consulting Pty. Ltd.

This Statement, detailing an inferred resource of 68.5 million tonnes grading 0.033% Mo, 0.10% Cu and 1.2 g/t Ag, represents a major performance benchmark which has been achieved within thirteen months notwithstanding the delays caused by the backlog of assays which had affected all the mining industry.\*

Leaving aside the vagaries of the Stock Market, this achievement has established a substantial base on which your Company's professional and technical team can continue to build.

In the Statement it was made clear that the Resource calculated was in respect only of the Whitewash Prospect (our initial drilling target) and did not take into account subsequent drilling at Gordon's Knob. You are no doubt aware that this new drilling has reported what appears to be significant high grade mineralisation. Your Board has reported, where appropriate, indications of these mineralised areas together with supporting photographs of the core.

The results of this second drilling program, i.e. Gordon's Knob, are now coming to hand and in our view, enhance the exploration program.

Your Board, in conjunction with our Independent Consulting Geologists, SRK Consulting Pty. Ltd. will, if applicable, seek to incorporate the results of the Gordon's Knob exploration program (when they have been assayed and reviewed) into the results of the Maiden Resource Statement. We are confident that once the Gordon's Knob mineralisation is added to the resource at Whitewash both the tonnes and grade of the overall resource will increase.

Your Company has also introduced a section in its website where not only are the ASX announcements displayed, but also photographs of relevant drill cores. This initiative is part of our policy of providing regular on-going information to our existing and potential shareholders.

It is important to consider at this stage the decisive escalation in the status of the Company, i.e. from a junior explorer with potential targets - to a company with an independently identified JORC resource.

This quantum leap should give shareholders continuing support in their belief of their original investment.

In addition, shareholders should note your Company holds extensive highly prospective mineral areas.

Your Company is also engaged in these areas in exploration activity thus developing our resource knowledge base for potential drilling activity.

### Strategic Plan

Last year, your Company announced its Strategic Plan of opening up its other tenements for potential Farm In / Joint Venture operations with other entities from within Australia and more specifically with Asia groups targeting the P.R.C. and Korea in particular.

This policy is deliberately aimed at conserving our own funds for our primary targets (which I may add, has to date, proved to be very effective) and thereby seeking other interested entities to join with us in the accelerated exploration of our tenements to the benefit of all parties.

This factor leads me to share with you some aspects of our operations which are important to the long term financial viability of your Company.

I am sure many of our investors have taken the trouble to research the uses, demand for and price of our major target mineral, Molybdenum ('Moly') and its ongoing commercial potential.

There are a number of compelling reasons why the pricing of Moly is sustainable over the long term. Some of these reasons are:-

- 1) There is a shift in the origin of Moly from by-product suppliers to specific moly mines.
- 2) The banning/tightening of the export of Moly from the P.R.C.
- 3) The advancements in the use of and extended applications for use of Moly in steel products, e.g. products for use in extreme temperatures and corrosion conditions.
- 4) The limited scope for substitution of Moly.
- 5) Its use in products is not price sensitive.
- 6) Moly inventories are diminishing with increasing new uses.

These matters were recently addressed by Catherine Virga of CPM Group, New York, and reported by Mark Fraser in the May 2008 edition of the Gold & Mineral Gazette.

However, in the light of the present worldwide financial crisis what are the long term factors effecting the trading price of Moly?

Consider the following:

- China (with India in the future) will continue to dominate the market growth for steel thus requiring ongoing supplies of Moly for specialised steel products.
- The long term security of iron ore supplies is a stated goal for China.
- The Chinese Government has approved direct investment in Australia and Brazil to secure continuity of supply in the Iron Ore industry.
- This approval has been enlarged to cover other strategic minerals needed in the development of specialised steel needed for pipeline casing, for new nuclear plants and double hull shipping etc.
- The Chinese Government has announced large scale infrastructure programs to ensure ongoing social and industrial development of the P.R.C. Most of these huge, fast-tracked commitments including duplication of a vast area of its rail system, highrise accommodation etc, involve the use of specialised steel which needs Moly in the production process.
- The P.R.C. has announced its projected GDP growth for 2009 being, at worst estimate, 8.5% but more likely 9.5%. This “slowing down” has ‘triggered’ the Government of the P.R.C. as well as all major industrialised nations, to fast track massive infrastructure and nation building programs. These fast-tracked programs will still require enormous amounts of Iron Ore, Copper, Moly etc to provide the sinews of this deliberate expansionary policy over the next five (5) years. The lead time for all these infrastructure expansion and nation-building programs fits well within our exploration and development programs.

- All major industrialised nations have also announced major capital works programs to assist in the recovery of their industrialised base.

All these factors augur well for the continuing well being of your Company and therefore your investment.

Further, on the question of the need for transparency in the trading of Moly, I would refer to the article in “The Australian” on 8 September, 2008:

*“..... But we are about a year away from cobalt and molybdenum no longer being untradable. The London Metal Exchange has approved trading in contracts for the two metals to begin some time in the second half of 2009. The cobalt market is worth about \$US4 billion a year, half that of tin, but the moly business is much bigger than either at about \$US14 billion.”*

Whilst AQR is primarily a Moly operation, it is important to note that, in addition to this principal mineral, the assays have disclosed valuable additional minerals including Copper, Tungsten, Silver, Rhenium all of which your Company’s technical team believes to be recoverable based on reports of similar deposits.

For our part, you can be assured that your Board will continue to progress all aspects of our Strategic Plan including an application to the relevant authorities for a Mineral Development Licence as soon as the Gordon’s Knob results are to hand and our independent consultants have assessed their significance.

One final matter of importance for shareholders to consider is the Company’s financial position.

You will note from the Financial Statements in the Annual Report the use and manner of use of our funds during this financial year.

Your Board has been and continues to be financially responsible particularly in these difficult times of capital raising.

Our ongoing exploration plans are designed to continue to comply with our obligations of expenditure on all our mining tenements.

More particularly, your Board is awaiting the results of outstanding assays from the recently completed drilling program at Gordon’s Knob. These results may take time to process and report.

Once they are to hand, our technical team, in conjunction with our professional consultants, will:-

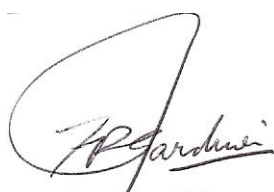
- Incorporate these results into the existing knowledge base of the immediate surrounds, i.e. Whitewash together with Gordon’s Knob.
- Develop strategies to enlarge the target area.

- Sort out such strategies keeping in mind the financial restraints of capital raising at the time.
- Implement such strategies where cost effectiveness warrants such action.

Your Board believes that this area of operation will occupy the first quarter of 2009 and that a further drilling program will not occur before that time.

As at 25 November 2008, our cash reserves plus receivables (gst refund) amounted to approximately \$4.1M.

It is clear that your Board is husbanding the Company's resources in an efficient and effective manner. This method of operation will continue.



Frank R. Gardiner  
LL.B, FAIM, FAICD  
**Chairman**

28 November 2008

*\*The information in this report that relates to exploration results is based on information compiled by John Leslie Goody, Executive Director of Exploration, Aussie Q Resources Limited and supervised by Dr. Richard Haren who is a Member of The Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Richard Haren is a self employed consultant who works for AQR and has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*To the extent this report relates to the Mineral Resource Statement prepared by SRK Consulting Pty Ltd and released by the Company on September 25, 2008 such information was provided by Mr Paul Hunter and Mr Daniel Guibal who are fulltime employees of SRK Consulting and collectively take responsibility for the content. Both have over 17 years of relevant experience relating to the evaluation of base and precious metal deposits of this style and the estimation of mineral resources and application of advanced geostatistical techniques. Both are considered to have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they undertook to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves.*