

Aussie Q Resources Limited  
31 December 2007  
Interim Financial Report

# Aussie Q Resources Limited

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# Aussie Q Resources Limited

## Directors' report

The directors present their report together with the interim financial report for the six months ended 31 December 2007 and the audit report thereon.

## Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Frank Reid Gardiner Chairperson Non-Executive Director	appointed 11 July 2007
Dr Richard Haren Executive Director	appointed 28 September 2006
Mr Robert Lawrence Barraket Non-Executive Director	appointed 6 March 2007 and resigned 20 September 2007
Mr Jan William Van Der Veen Non-Executive Director	appointed 7 March 2007 and resigned 20 September 2007
Mr John Leslie Goody Executive Director	appointed 28 September 2006

## Review of operations

### Exploration

The Company is currently undertaking exploration at the Rawbelle Project in Queensland which is approximately 30 km to the west of Monto in southern Queensland. Monto is a town of 1,700 people around 110 km south of Gladstone, a deep water port. There are now six contiguous Exploration Permits for Minerals (EPM) and Applications (EPMA) - EPM 14628, 15920, 15921 and 15922 and EPMA 17001 and 17002 west of Monto and two contiguous EPMs, namely EPM 14627 and 15919 which are situated approximately 20 km to the south of the first group. These are all 100% held by the Company.

These EPMs host a number of prospective areas or prospects called Whitewash, Juicy Fruit, Noddy's Creek, Kiwi Carpet, Kildare, Trevethan, Bulls eye and Anomaly 7B. The Company has ranked these prospects as future development, advanced and grass roots depending on the amount of work that had been done on them. Whitewash has been determined to be the Company's future development project with available assay data from the existing twenty pre-IPO drill holes being augmented by infill drilling during this six month period. An independent consulting group are assessing assay data from over 47 drill holes at Whitewash in order to provide a maiden resource in the near future. A limited number of drill holes have been completed at Kiwi Carpet, Juicy Fruit and Kildare.

The Company during the period acquired a new EPM from Goody Investments and also applied for two new EPMs. These new tenements are contiguous with EPM14628 which hosts the Whitewash prospect and is currently being drilled and they increase the area of tenements from 360 sq kms at IPO to over 900 sq kms presently.

# Aussie Q Resources Limited

## Directors' report (continued)

### **Financial Position**

The net assets of the Company at 31 December 2007 were \$17,148,717 including cash of \$8,395,964. The Company's financial position has enabled the Company to place cash on deposit thus providing good earnings from interest payments. The directors believe the Company is in a strong and stable financial position to continue its current exploration operations.

The Company's opening share price at listing on 14 June 2007 was \$0.26 per share. During the period ended 31 December 2007 the share price varied between \$0.11 and \$0.26. The closing share price at 31 December 2007 was \$0.165.

### **Significant Changes in State of Affairs**

There were no significant changes in the state of affairs of the Company during the financial period.

### **After Balance Date Events**

There have been no significant events after the balance sheet date.

### **Future Developments, Prospects and Business Strategies**

After 31 December, 2007 the Company has engaged in additional infill drilling at the Whitewash prospect, with a total of 54 drill holes completed to date. These drill holes will provide more data on the grade and tonnage at the Whitewash development prospect. The maiden resource figure will be released in the next four weeks and during the next twelve months the Company is programmed to complete enough drilling at Whitewash to provide the data to extend the resource into various categories, as well to explore the other advanced prospects using geophysical methods and then drill test any newly discovered prospective zones. At present we are in discussions with airborne geophysical contractors to assess the availability of aircraft to perform magnetic measurements over the project areas. As well another contracting company are preparing to acquire geophysical gravity data over a number of the prospects at Rawbelle.

The following developments are intended to be implemented in the near future:

- (i) Continue to drill test and survey all of the individual prospects in the Rawbelle area as foreshadowed in the Company's Prospectus dated 21 March 2007.
- (ii) Continue and, as appropriate, advance discussions with groups from Asia wishing to conclude off-take agreements with the Company to facilitate the purchase of minerals (especially molybdenum) from projected production from the Rawbelle area at Monto, Queensland.

# Aussie Q Resources Limited

## Directors' report (continued)

### **Environmental Issues**

The Company's operations are subject to significant environmental regulation under the law of the Commonwealth and State. Details of the Company's performance in relation to environmental regulation are as follows:

The exploration undertaken at Rawbelle to date has not created any significant environmental issues. However, environmental issues will arise as and when the Company moves into production and these issues will be thoroughly assessed at the time any mining authority is sought. The work undertaken to date has produced minimal impact on the environment. No issues regarding compliance were encountered during the reporting period.

### **Lead Auditor's Independence Declaration under section 307c of the Corporations Act 2001.**

The lead auditor's independence declaration is set out on page 11 and forms part of the directors' report for the six months ended 31 December 2007.

Dated at Gold Coast this 28<sup>th</sup> day of February 2008.

Signed in accordance with a resolution of the directors:



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Dr Richard Haren  
Director

# Aussie Q Resources Limited

## Interim income statement

### For the six months ended 31 December 2007

*In thousands of AUD*

	<b>Note</b>	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Interest income		337	-
Employee benefits expense		(71)	-
Depreciation expense		(7)	-
Other expenses		(306)	(6)
<b>Loss before income tax</b>		<b>(47)</b>	<b>(6)</b>
Income tax expense	6	-	-
<b>Loss for the period</b>		<b>(47)</b>	<b>(6)</b>
<b>Earnings (loss) per share</b>			
Basic earnings (loss) per share (cents per share)		(0.04)	(189,533)
Diluted earnings (loss) per share (cents per share)		(0.04)	(189,533)

*The condensed notes on pages 8 to 9 are an integral part of these interim financial statements.*

# Aussie Q Resources Limited

## Interim balance sheet

### As at 31 December 2007

*In thousands of AUD*

	<b>Note</b>	<b>31 Dec 2007</b>	<b>30 June 2007</b>
<b>Assets</b>			
Cash and cash equivalents		8,396	11,104
Other current assets		402	170
<b>Total current assets</b>		<b>8,798</b>	<b>11,274</b>
Exploration and evaluation assets		8,314	6,095
Property, plant and equipment	7	113	23
Other non-current assets		28	11
<b>Total non-current assets</b>		<b>8,455</b>	<b>6,129</b>
<b>Total assets</b>		<b>17,253</b>	<b>17,403</b>
<b>Liabilities</b>			
Trade and other payables		104	195
<b>Total current liabilities</b>		<b>104</b>	<b>195</b>
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>104</b>	<b>195</b>
<b>Net assets</b>		<b>17,149</b>	<b>17,208</b>
<b>Equity</b>			
Share capital		17,302	17,314
Reserves		1,500	1,500
Retained earnings / (accumulated losses)		(1,653)	(1,606)
<b>Total equity</b>		<b>17,149</b>	<b>17,208</b>

*The condensed notes on pages 8 to 9 are an integral part of these interim financial statements.*

# Aussie Q Resources Limited

## Interim statement of changes in equity

### For the six month period ended 31 December 2007

<i>In thousands of AUD</i>	<b>Note</b>	<b>Share capital</b>	<b>Reserve</b>	<b>Retained earnings / (accumulated losses)</b>	<b>Total</b>
Balance at 28 September 2006		-	-	-	-
Total recognised income and expense		-	-	(6)	(6)
Issue of ordinary shares		300	-	-	300
Cost of issuing shares		(16)	-	-	(16)
Balance at 31 December 2006		284	-	(6)	278
Balance at 1 July 2007		17,314	1,500	(1,606)	17,208
Total recognised income and expense		-	-	(47)	(47)
Cost of issuing shares		(12)	-	-	(12)
Balance at 31 December 2007		17,302	1,500	(1,653)	17,149

*The condensed notes on pages 8 to 9 are an integral part of these interim financial statements.*

# Aussie Q Resources Limited

## Interim statement of cash flows

### For the six months ended 31 December 2007

*In thousands of AUD*

	<i>Note</i>	31 Dec 2007	31 Dec 2006
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees		(712)	-
Interest received		337	-
<b>Net cash from (used in) from operating activities</b>		<b>(375)</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	7	(97)	-
Payments for exploration activities		(2,224)	(3)
<b>Net cash from (used in) investing activities</b>		<b>(2,321)</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	300
Costs from the issue of share capital		(12)	-
<b>Net cash from (used in) financing activities</b>		<b>(12)</b>	<b>300</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(2,708)</b>	<b>297</b>
Cash and cash equivalents at 1 July		11,104	-
<b>Cash and cash equivalents at 31 December</b>		<b>8,396</b>	<b>297</b>

*The condensed notes on pages 8 to 9 are an integral part of these interim financial statements.*

# Aussie Q Resources Limited

## Condensed notes to the interim financial statements

1. **Reporting entity**

Aussie Q Resources Limited (the "Company") is a company domiciled in Australia. These are the interim statements of the Company for the six month period ended 31 December 2007.

The annual financial report of the Company as at and for the period ended 30 June 2007 is available upon request from the Company's registered office at Level 1, 27-29 Crombie Avenue Bundall Qld 4217 or at <http://www.aussieqresources.com.au>
2. **Statement of compliance**

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the period ended 30 June 2007.

This interim financial report was approved by the Board of Directors on Thursday the 28<sup>th</sup> of February 2008.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.
3. **Significant accounting policies**

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the period ended 30 June 2007.
4. **Estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the period ended 30 June 2007.
5. **Financial risk management**

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial report as at and for the period ended 30 June 2007.
6. **Income tax expense**

The Company's effective tax rate for the six months ended 31 December 2007 was 0 percent (for the period ended 30 June 2007: 0 percent).

# Aussie Q Resources Limited

## Condensed notes to the interim financial statements (continued)

7. **Property, plant and equipment**  
**Acquisitions and disposals**  
During the six months ended 31 December 2007 the Company acquired assets with a cost of one hundred and three thousand (period ended 31 December 2006: nil).
8. **Share-based payments**  
In 2007 the Company established a share option program that entitles key management personnel to purchase shares in the entity. The terms and conditions of the share option program are disclosed in the financial report as at and for the period ended 30 June 2007. There were no new share-based payments made during the six months ended 31 December 2007.  
  
For details on these arrangements, refer to the 30 June 2007 annual financial report.
9. **Related parties**  
Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2007 annual financial report.
10. **Segment Reporting**  
Aussie Q Resources Limited forms a single business segment performing exploration activities in one geographical segment, being Queensland.

# Aussie Q Resources Limited

## Directors' declaration

In the opinion of the directors of Aussie Q Resources Limited ("the Company"):

1. the financial statements and notes set out on pages 4 to 9, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Gold Coast this 28th day of February 2008.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read "Richard Haren", with a horizontal line drawn underneath it.

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Dr Richard Haren  
*Director*



**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

To: the directors of Aussie Q Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'S J Board'.

S J Board  
*Partner*

Gold Coast

28 February 2008



## **Independent auditor's review report to the members of Aussie Q Resources Limited**

### **Report on the financial report**

We have reviewed the accompanying interim financial report of Aussie Q Resources Limited, which comprises the interim balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the interim period ended on that date, a statement or description of accounting policies and other explanatory notes, and the directors' declaration set out on pages 4 to 10 of the Company.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2007 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of Aussie Q Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Aussie Q Resources Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.



KPMG



S J Board  
*Partner*

Gold Coast

28 February 2008