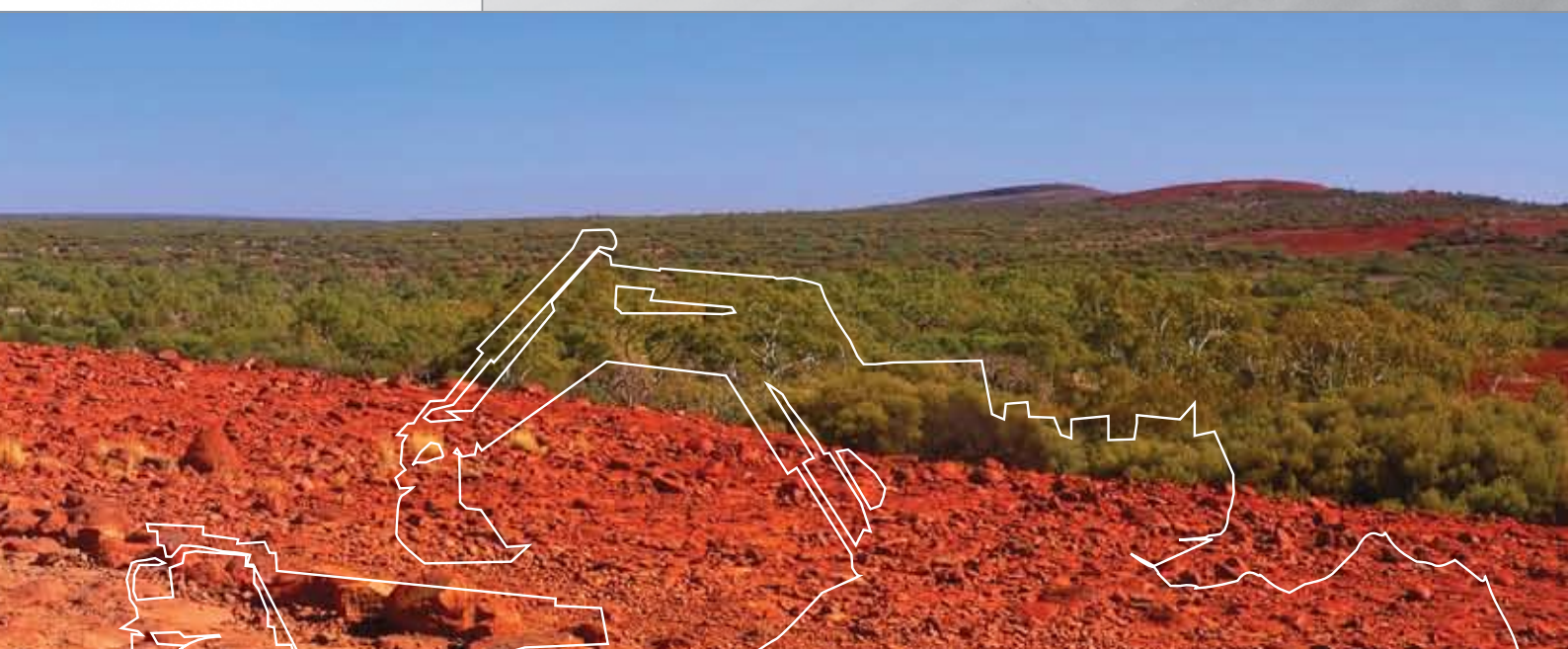




annual report 2007





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corporate directory

Directors

Frank Gardiner (Non Executive Chairman)
John Goody (Executive Director)
Richard Haren (Executive Director)

Company Secretary

Stephen Lonergan, (LLB, LLM)

Principal Registered Office

Aussie Q Resources Limited
Level 1, 27-29 Crombie Avenue
Bundall Qld 4217
Ph: 07 5574 3830
Fax: 07 5574 3568
Web: www.aussieqresources.com.au
Email: admin@aussieqresources.com.au
ASX Code: AQR

Locations of Share Registries

Brisbane
Computershare Investor Services Pty Ltd
Level 19, 307 Queen Street
Brisbane Qld 4000
Ph: 07 3237 2100

Independent Geologists

Geos Mining Minerals Consultants
Suite 206, 20 Dale Street
Brookvale NSW 2100
Ph: 02 9939 3233

Accountants

Moore Stephens
Level 25, 71 Eagle Street
Brisbane Qld 4000
Ph: 07 3317 7877

Auditors

KPMG
Level 11, Corporate Centre One
Cnr Bundall & Slatyer Avenue
Bundall Qld 4217
Ph: 07 5577 7555

Tenement Manager

Environmental & Licensing Professionals Pty Ltd
Level 27, 288 Edward Street
Brisbane Qld 4000
Ph: 07 3239 9700

chairman's letter

Dear Shareholder

I have pleasure in presenting the Company's Annual Report for the year ended 30 June 2007.

The Company was incorporated in September 2006 for the purpose of seeking ASX Listing to exploit a number of mining tenements in Queensland which are prospective for a range of minerals, including copper and molybdenum.

The Company issued a Prospectus dated 21 March 2007 for the issue of 40,000,000 shares at an issue price of 25¢ each, with a right to accept over-subscriptions of up to a further 8,000,000 shares at an issue price of 25¢. The issue closed oversubscribed and the Company allotted 48,000,000 shares to the public, raising \$12,000,000. On 14 June 2007 the Company was admitted to the official list of the ASX.

A drilling program and a further exploration program were immediately commenced and these are particularised in the Director's Report attached.

Expenditure and losses for the year are in line with Prospectus' estimates and include the significant costs associated with the formation and listing of the Company.

Like most exploration companies, the Company's share price has fluctuated and investors' expectations are often exceeded by reality. While the Company believes it has a number of highly prospective areas, the determination of the extent of mineralisation and the commercial viability is a process that is both time consuming and costly. We have been fortunate in securing sufficient funding and a highly professional and experienced team of people to assist us with this process.

During the year we have been helped by a widely experienced professional team in achieving the transition from formation to listing. I am grateful to all of the professional advisers who contributed to the process for their participation which was critical to enabling us to achieve our goals.

Bob Barraket and Jan Van Der Veen who took the Company through the ASX float process, resigned during September. I would like to thank them, my fellow Directors, our Company Secretary, employees and consultants for their efforts in the past year.

I hope, as do all of us, that the forthcoming year will bring with it success in our endeavours as we continue to develop the Company's exploration strategy.

Yours faithfully,



Frank R. Gardiner
Chairman

updated review of operations

Since listing on the Australian Stock Exchange in June this year, Aussie Q Resources (ASX: AQR) has undertaken a program of infill drilling at its 100%-owned Whitewash copper/molybdenum prospect (EPM 14628) in central Queensland.

23 drill holes have been completed to date and the drill program forms part of the Company's stated business objectives outlined in its Prospectus.

More data on the grade and tonnage of the mineralisation at the advanced Whitewash prospect will be provided in the near future. The infill drilling is designed to provide data for an independent assessment that should facilitate a JORC compliant resource figure in the near future. At the time of writing a drill rig is still on-site at Whitewash.

In August this year Aussie Q Resources acquired Pole-Dipole IP Geophysical data from an area to the south of its Juicy Fruit project (in the same area as Whitewash) where in the past an untested anomaly had been discovered below a black soil plain. This data was modeled by respected Geophysical consultant, ARCTAN, and produced a highly significant geophysical anomaly over 800m long and at least 300m wide.

An intense core which hosted chargeability readings, around twice the level that could be expected, was shown by modeling to be at least 300m long and more than 200m wide.

These chargeability values are even more interesting because they are coupled with a high order complex resistivity anomaly. Furthermore the proximity of this IP anomaly to the known mineralisation at Whitewash (1200 metres to the east) and Juicy Fruit (800 metres to the north northwest along strike) adds to its significance. The Company will drill test this anomaly in the near future.

During the next twelve months the Company is programmed to complete more drilling at Whitewash to provide the data to allow a JORC-compliant resource to be determined, and will also explore the other advanced prospects using geophysical methods and then drill test any newly discovered prospective zones.

At present the Company is in discussions with airborne geophysical contractors to assess the availability of aircraft to perform magnetic measurements over the Company's project areas.

In the shorter term, the following developments are planned to be implemented in the near future:

- (i) Continue to drill test and survey all of the individual prospects in the Rawbelle area, central Queensland, 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 AQR to facilitate the purchase of minerals (especially molybdenum) from projected production from the Rawbelle area at Monto, Queensland.



directors' report

Your Directors present their report on the company for the financial period ended 30 June 2007. The Company was registered on 28 September 2006.

Directors

The names of Directors in office at any time during or since the end of the period are:

Mr John Leslie Goody (appointed 28 September 2006)

Dr Richard Haren (appointed 28 September 2006)

Mr Robert Lawrence Barraket (appointed 6 March 2007 and resigned 20 September 2007)

Mr Jan Willem Van Der Veen (appointed 7 March 2007 and resigned 20 September 2007)

Mr Frank Reid Gardiner (appointed 11 July 2007)

Mr Sydney Leslie Griff (appointed 28 September 2006 and retired 6 March 2007)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial period:

Stephen J Lonergan LLB (Hons),LLM (Mc Gill). Mr Lonergan is currently the general counsel and Company Secretary of CBH Resources Ltd and Director and Company Secretary of Paradigm Gold Ltd and has held similar positions with Savage Resources and Pancontinental Mining. He has been involved in acquisitions and exploration arrangements in Canada, USA, Peru, Australia, South Asia and Africa. Mr Lonergan was appointed Company Secretary on 28 September 2006.

Principal Activities

The principal activities of the entity during the financial period were exploration of porphyry copper/molybdenum mineralisation near Monto, Queensland. The entity is exploring 5 EPMs in the Monto region for base metals with the main interest on copper and molybdenum. It is the entity's intention to move towards a mining operation on the leases if the exploration phase is successful.

There were no significant changes in the nature of the entity's principal activities during the financial period.

Operating Results

The loss of the entity after providing for income tax amounted to \$1,606,273. The loss includes the expensing of the value of options of \$1,500,000 issued to managerial personnel and certain shareholders.

Dividends Paid or Recommended

No dividends were paid or declared and no dividends have been recommended by the Directors.

Review of Operations

Exploration

The entity 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 1700 people around 110 km south of Gladstone a deep water port. There are three contiguous Exploration Permits for Minerals (EPM) 14628, 15920 and 15922 west of Monto and two contiguous EPMs, namely EPM 14627 and 15919 which are situated approximately 20 km to the south. These are all 100% held by the entity.

These EPMs host a number of prospective areas or prospects called Whitewash, Juicy Fruit, Noddy's Creek, Kiwi Carpet, Kildare, Trevethan and Bulls Eye. The entity has ranked these prospects as – development, advanced and grass roots depending on the amount of work that had been done on them. Whitewash has available assay data from the existing 20 drill holes, but more were planned. As well a limited number of drill holes have been drilled at Kiwi Carpet, Juicy Fruit and Kildare.

Just prior to listing in June 2007, the entity acquired geophysical Induced Polarisation (IP) data at Whitewash. This data was modeled and provided a focus for further exploration at Whitewash.

directors' report (cont.)

Financial Position

The net assets of the entity at the 30 June 2007 were \$17,207,520. The majority of the cash came from the proceeds of share issues raising \$12,501,900. The entity's financial position has enabled the entity to place cash on deposit thus providing good earnings from interest payments. The Directors believe the entity is in a strong and stable financial position to continue its current exploration operations.

The entity's opening share price at listing on 14 June 2007 was \$0.26 per share. During the period ended 30 June 2007 the share price varied between \$0.20 and \$0.26. The closing share price at 30 June 2007 was \$0.21.

Significant Changes in State of Affairs

On 2 January 2007 the entity issued 38,999,997 ordinary shares at 15 cents per share, representing \$5,850,000 to acquire the Rawbelle Tenements from a Director related entity.

During the period the entity also issued shares and options pursuant to a prospectus dated 21 March 2007 and subsequently admitted the entity's securities to quotation on the Australian Securities Exchange.

There were no other significant changes in the state of affairs of the entity 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

Since listing and after June 30, 2007 the entity has engaged in infill drilling at the Whitewash prospect, with 23 drill holes completed to date. These drill holes will provide more data on the grade and tonnage at the Whitewash advanced prospect. This infill drilling is designed to provide data to facilitate an independent assessment that should provide a JORC compliant resource figure.

In August 2007 the entity acquired Pole – Dipole IP Geophysical data to the south of Juicy Fruit where in the past an untested anomaly had been discovered below a black soil plain. This data were modeled by Steve Collins of ARCTAN a well respected Geophysical consultant and the modeling produced a highly significant geophysical anomaly over 800m long and at least 300m wide. An intense core which hosted chargeability readings that were around twice what would be expected was shown by modeling to be at least 300m long and more than 200m wide. These chargeability values are even more interesting because they are coupled with a high order complex resistivity anomaly. Furthermore the proximity of this IP anomaly to the known mineralisation at Whitewash (1200 metres to the east) and Juicy Fruit (800 metres to the north northwest along strike) adds to its significance. The entity will drill test this anomaly in the near future.

During the next twelve months the entity is programmed to complete enough drilling at Whitewash to provide the data to allow a JORC resource to be determined, 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.

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 AQR to facilitate the purchase of minerals (especially molybdenum) from projected production from the Rawbelle area at Monto, Queensland.

directors' report (cont.)

Environmental Issues

The entity's operations are subject to significant environmental regulation under the law of the Commonwealth and State. Details of the entity'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 entity 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.



directors' report (cont.)

Information on Directors

John Leslie Goody age 55	Director
Qualifications	Member of the Geological Association of Australia
Experience	Mr Goody has over 35 years experience in the mining industry and has been responsible for the development of various prospects throughout Australia, Papua New Guinea, Vanuatu, Philippines, China and Chile.
Interest in Shares and Options	36,000,000 shares issued 23 January 2007 and 18,000,000 options issued 30 January 2007
Special Responsibilities	Executive Director Exploration
Directorships held in other listed entities in the last 3 years	None
Richard Haren age 62	Director and Chief Executive Officer
Qualifications	First Class Honours Degree and University Medal in Physics and a PhD in Exploration Geophysics from the University of New South Wales. Dr Haren is a corporate member of the Australasian Institute of Mining and Metallurgy, the Society of Exploration Geophysicists and the Australian Society of Exploration Geophysicists.
Experience	Dr Haren has over twenty years of project management experience involving numerous industries including minerals exploration and mining finance and IT. Dr Haren has consulted to a variety of public and private companies in Australia, Asia, Africa, the C.I.S, North and South America involving exploration and mining.
Interest in Shares and Options	3,000,000 shares and 4,000,000 options issued on 30 January 2007
Special Responsibilities	CEO, Executive Director with overall management responsibilities for the entity including day to day management. Responsible person for reporting exploration results and reporting to the ASX.
Directorships held in other listed entities in the last 3 years	None
Robert Lawrence Barraket age 62	Director and Chairman (resigned 20 September 2007)
Qualifications	Bachelor of Laws and was admitted to practice as a solicitor in 1967.
Experience	Mr Barraket is widely experienced commercial lawyer who has represented numerous public and private companies in Australia, New Zealand, the United States, Canada and Asia. He has also held Board positions with a number of exploration and technology companies in Australia, New Zealand and the United States.
Interest in Shares and Options	1,500,000 shares and 500,000 options issued on 30 January 2007
Special Responsibilities	Mr Barraket was the Chairman of the entity and a member of the Audit Committee.
Directorships held in other listed entities in the last 3 years	None

directors' report (cont.)

Jan Willem Van Der Veen age 62	Director (resigned 20 September 2007)
Qualifications	None
Experience	Mr Van Der Veen has been involved in the resource and mining industry since 1975, initially promoting and implementing improvements to ore treatment flows at various mining operations in New South Wales, Queensland, Tasmania, Western Australia and Papua New Guinea. More recently Mr Van Der Veen has been operating an open cut mine near Lightning Ridge, New South Wales and has spent considerable time prospecting the surrounding area.
Interest in Shares and Options	200,000 shares issued 23 January 2007 and 500,000 options issued 30 January 2007
Special Responsibilities	Mr Van Der Veen was Chairman of the Audit Committee.
Directorships held in other listed entities in the last 3 years	None
Frank Reid Gardiner age 68	Director and Chairman
Qualifications	LL.B. F.A.I.M. F.A.I.C.D.
Experience	Mr Gardiner has a long and diverse professional background. In addition to practising as a Barrister and serving as a member of the Hong Kong Judiciary Mr Gardiner has extensive corporate experience including positions as Managing Director of publicly listed companies in Asia and as a Director of many Australian public and private companies including mining enterprises throughout the Asia Pacific region. Mr Gardiner has also served as a member of the University of Queensland Senate for nine years plus other public sector roles including Commissioner of the Australian Film Commission.
Interest in Shares and Options	Nil
Special Responsibilities	Mr Gardiner is involved in ongoing negotiations with Native Title Parties in Queensland and with groups in Asia who are looking to take up off-take agreements for minerals that may be produced at Rawbelle.
Directorships held in other listed entities in the last 3 years	None
Sydney Leslie Griff age 83	Director (retired 6 March 2007)
Experience	Mr Griff has been involved in the formation and promotion of exploration, mining and petroleum companies for more than 30 years.
Interest in Shares and Options	Nil
Special Responsibilities	None
Directorships held in other listed entities in the last 3 years	None

directors' report (cont.)

Remuneration Report

This report details the nature and amount of remuneration for each Director of Aussie Q Resources Limited, and for key management personnel.

The Board establishes appropriate remuneration for Directors and remuneration levels and incentive structures for key management personnel. Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the entity. This category includes the two executive Directors of the entity (Messrs Haren and Goody). These key management personnel are engaged under consultancy arrangements and the entity has no employees.

Compensation levels have been, and will be, set to be in line with Australian mineral exploration entities of equivalent size and comparable operations in order to attract and retain suitably qualified and experienced key management personnel.

The Executive Directors are retained on three year contracts, commencing on the date the entity was admitted to the official list of the ASX (14 June, 2007), as consultants to the entity. Their contracts provide that their fees will be reviewed annually and it is expected this will first occur in the third quarter of 2008. It is expected that external advice will be sought to assist the Board in this review.

All Directors receive Director's fees coupled with superannuation payments and, in the case of Non Executive Directors, when providing additional services to the entity; they are paid at normal commercial rates for their work. Neither Directors nor key management personnel are entitled to any retirement benefits.

All remuneration paid to Directors and key management personnel is valued at the cost to the entity and expensed.

The following Directors received options for no consideration:

John Leslie Goody
Richard Haren
Jan Willem Van Der Veen
Robert Lawrence Barraket

The fair value of options granted is measured using a binomial option-pricing model, taking into account the terms and conditions upon which the options were granted.

Performance based remuneration

At present there is no performance-based component to executive or Non-Executive remuneration. However, performance of key management personnel will be reviewed annually.

Key Management Personnel Remuneration

Key Management Personnel

	Options	Cash, Salary & Commissions	Superannuation	Total	Value of Options as Proportion of Remuneration %
John Leslie Goody	\$900,000	\$2,500	\$225	\$902,725	99.7%
Richard Haren	\$200,000	\$2,500	\$225	\$202,725	98.5%
Robert Lawrence Barraket	\$25,000	\$2,500	\$225	\$27,725	90.2%
Jan Willem Van Der Veen	\$25,000	\$2,500	\$225	\$27,725	90.2%
Frank Reid Gardiner	0	0	0	0	0
Sydney Leslie Griff	0	0	0	0	0
Performance income as a proportion of total remuneration			Nil		

directors' report (cont.)

Meetings of Directors

During the financial period, twelve meetings of Directors were held. Attendances by each Director during the period were as follows:

Directors' Meetings	Number attend	Number eligible to attend
John Leslie Goody	12	12
Richard Haren	12	12
Robert Lawrence Barraket	4	4
Jan Willem Van Der Veen	4	4
Frank Reid Gardiner	0	0
Sydney Leslie Griff	8	8

As well seven Due Diligence meetings were held and attended by Richard Haren representing the entity.

Indemnifying Officers or Auditor

During or since the end of the financial period the entity has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The entity has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the entity, other than conduct involving a wilful breach of duty in relation to the entity. The amount of the premium was \$13,557 for all Directors. The insurance is a single policy which covers all Directors of the entity.

Options

At the date of this report, the unissued ordinary shares of Aussie Q Resources Limited under option are as follows:

Grant Date	30/01/2007
Date of expiry	30/01/2010
Exercise price	\$0.30
Number under option	30,000,000
Fair value per option at grant date	\$0.05

All options are immediately exercisable at grant date. No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

Proceedings on Behalf of Entity

No person has applied for leave of the Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The entity was not a party to any such proceedings during the period.

Non-audit Services

During the period KPMG, the entity's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the period by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the period by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the entity and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the entity, acting as an advocate for the entity or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the entity, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 6 on page 28 of the Annual Report 2007.

directors' report (cont.)

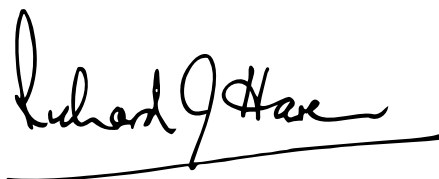
Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 13 of the Annual Report 2007.

Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies. Accordingly, amounts in the financial 98/100 statements and Directors' Report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors.



Dr Richard Haren
Director

Dated this 28th day of September 2007



auditor's independence declaration



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 audit for the financial period 28 September 2006 to 30 June 2007 there have been:

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

A handwritten signature of the KPMG representative, appearing as 'KPMG' in a stylized, cursive script.

KPMG

A handwritten signature of S J Board, appearing as 'S J Board' in a cursive script.

S J Board
Partner

Gold Coast

28 September 2007

income statement

for the period ended 30 June 2007

	Note	2007 \$000
Revenue		-
Interest income	2	28
Employee benefits expense		(11)
Depreciation expense		(1)
Other expenses	3	(1,622)
Loss before income tax		(1,606)
Income tax expense	4	-
Loss for the period		(1,606)
Overall Operations		
Basic earnings (loss) per share (cents per share)	7	(3.55)
Diluted earnings (loss) per share (cents per share)	7	(3.55)

The accompanying notes form part of these financial statements.

balance sheet

as at 30 June 2007

	Note	2007 \$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	8	11,104
Other current assets	11	170
TOTAL CURRENT ASSETS		11,274
NON-CURRENT ASSETS		
Property, plant and equipment	9	23
Exploration & evaluation assets	10	6,095
Other non-current assets	11	11
TOTAL NON-CURRENT ASSETS		6,129
TOTAL ASSETS		17,403
CURRENT LIABILITIES		
Trade and other payables	12	195
TOTAL LIABILITIES		195
NET ASSETS		17,208
EQUITY		
Issued capital	14	17,314
Reserves	15	1,500
Retained earnings		(1,606)
TOTAL EQUITY		17,208

The accompanying notes form part of these financial statements.

statement of changes in equity

for the period ended 30 June 2007

	Share Capital		Retained Earnings	Equity Compensation Reserve	Total
	Note	Ordinary			
		\$000	\$000	\$000	\$000
Balance at 28 September 2006		-	-	-	-
Shares issued during the period	14(a)	19,352	-	-	19,352
Transaction costs	14(a)	(2,038)	-	-	(2,038)
Options issued during the period	15	-	-	1,500	1,500
Loss attributable to members of entity		-	(1,606)	-	(1,606)
Balance at 30 June 2007		17,314	(1,606)	1,500	17,208

cash flow statement

for the period ended 30 June 2007

	Note	2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees		(112)
Interest received		28
Net cash provided by (used in) operating activities	17a	(84)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(23)
Payments for exploration activities		(253)
Net cash provided by (used in) investing activities		(276)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		12,502
Capital raising costs		(1,038)
Net cash provided by (used in) financing activities		11,464
Net increase in cash held		11,104
Cash at beginning of financial year		-
Cash at end of financial year	8	11,104

The accompanying notes form part of these financial statements.

notes to the financial statements

for the period ended 30 June 2007

Note 1 Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Aussie Q Resources Limited and was approved by the board of Directors on 20 September 2007. Aussie Q Resources Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of Aussie Q Resources Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all periods presented.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs.

Functional and Presentation Currency

The financial report has been presented in Australian dollars, which is the entity's functional currency. The entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Accounting Policies

(a) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 1 Statement of Significant Accounting Policies (cont.)

(i) Tax Consolidation

On 15 December 2006 Aussie Q Resources Limited became a wholly owned subsidiary of Goody Investments Pty Ltd and on 1 January 2007 Aussie Q Resources Limited and Goody Investments Pty Ltd chose to become a consolidated group for income tax purposes under the New Business Tax System (Consolidation) Act No.1 2002 and Income Tax Assessment Act 1997. The head entity of the Consolidated Group was Goody Investments Pty Ltd

The Consolidated Group was deconsolidated on 2 January 2007 as a result of the issue of shares by Aussie Q Resources Limited to a third party. There was no tax liability and therefore no contribution amount payable when Aussie Q Resources Limited left the Consolidated Group.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax - consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the entity as an equity contribution or distribution.

The entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(ii) Nature of Tax Funding Arrangements and Tax Sharing Arrangements

On 1 January 2007 the entity entered into a tax funding agreement with Goody Investments Pty Ltd whereby the entity may be required to contribute to Goody Investments Pty Ltd's tax liability in regards to the Consolidated Group, and to minimise the impact of tax consolidation for the Consolidated Group. The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivable/(payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

On 1 January 2007 the entity also entered into a tax sharing agreement with Goody Investments Pty Ltd whereby the entity, as a member of the group, is liable for contributions to the tax liability of the Consolidated Group. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should Goody Investments Pty Ltd default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

There are no tax liabilities for the entity arising from the period of time it related to a Consolidated Group.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 1 Statement of Significant Accounting Policies (cont.)

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% - 20%
Mining & Exploration	10% - 20%
Computer equipment	20% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the entity has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be longer than the area of interest.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 1 Statement of Significant Accounting Policies (cont.)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within property, plant and equipment.

(d) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Share Capital

Ordinary Shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(e) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(h) Share-Based Payment Transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(i) Revenue

All revenue is stated net of the amount of goods and services tax (GST). Interest Income is recognised when it is received.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 1 Statement of Significant Accounting Policies (cont.)

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Comparative Figures

There are no comparatives available as it is the first year of operations for Aussie Q Resources Limited. Aussie Q Resources Limited was incorporated on 28 September 2006.

(l) Early Adoption

The entity has elected to early adopt the following accounting standards and amendments:

- AASB 101 Presentation of Financial Statements (October 2006).
- 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and other amendments.

(m) New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing this financial report:

- AASB 7 Financial Instruments: Disclosures (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the entity's financial instruments and share capital.
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosure and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings Per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007 and is expected to only impact disclosures contained within the financial report.
- AASB 8 Operating Segments replaces the presentation requirements of segment reporting in AASB 114 Segment Reporting. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009 and is not expected to have an impact on the financial results of the entity as the standard is only concerned with disclosures.
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 102 Inventories, AASB 107 Cash Flow Statements, AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment Assets, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 Operating Segments. This standard is only expected to impact disclosures contained within the financial report.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 1 Statement of Significant Accounting Policies (cont.)

- AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation II amends AASB 2 Share-based Payments to insert the transitional provisions of IFRS 2, previously contained in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. AASB 2007-1 is applicable for annual reporting periods beginning on or after 1 March 2007 and is not expected to have any impact on the financial report. The potential impact on the entity has not yet been determined.
- Interpretation 12 Service Concession Arrangements addresses the accounting for service concession operators, but not grantors for public to private service concession arrangements. Interpretation 12 will apply for the entity's 2009 financial report. The potential effect of the interpretation on the financial report has not yet been determined. At this time an entity must adopt the revised Interpretation 4 Determining when an arrangement contains a lease and Interpretation 129 Service Concession Arrangements: Disclosures.
- AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 117 Leases, AASB 118 Revenue, AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, AASB 121 The Effects of Changes in Foreign Exchange Rates, AASB 127 Consolidated and Separate Financial Statement, AASB 131 Interest in Joint Ventures, and AASB 139 Financial Instruments: Recognition and Measurement. AASB 2007-2 is applicable for annual reporting periods beginning on or after 1 January 2008 and must be applied at the same time as Interpretation 12 Service Concession Arrangements.
- AASB 2007-2 Amendments to Australian Accounting Standards also amends references to "UIG Interpretation" to interpretations. The amending standard is applicable to annual reporting periods ending on or after 28 February 2007.
- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12]. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 123 Borrowing Costs. The potential impact on the entity financial report has not yet been determined.
- AASB 2007-7 Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 and AASB 128] is applicable for annual reporting periods on or after 1 January 2009 and must be adopted in conjunction with AASB 123 Borrowing Costs. The potential impact on the entity financial report has not yet been determined.
- AASB 123 Borrowing Costs (revised March 2007) requires the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. All other borrowing costs are immediately recognised as expenses. AASB 123 is applicable for annual reporting periods beginning on or after 1 January 2009. The potential impact on the entity financial report has not yet been determined.

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key Estimates — Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 2 Interest Income

	Note	2007 \$000
Interest received on bank account		28
Total		28

Note 3 Other Expenses

The following significant expense items are relevant in explaining the financial performance:

Share based payments	1,500
Administration Expenses	122
Other Expenses	1,622

Note 4 Income Tax Expenses

	2007 \$000
(a) The components of tax expense comprise:	
Current tax	-
Deferred tax	-
Recoupment of prior year tax losses	-
Under provision in respect of prior years	-
	-
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows	
Prima facie tax payable on profit from ordinary activities before income tax at 30%	(482)
	(482)
Add:	
Tax effect of:	
• Entertainment (non-deductible)	1
• Option Amortisation (non-deductible)	450
	(31)
Current year tax losses not recognised as a deferred tax asset	31
	0

The applicable weighted average effective tax rates are as follows:

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 5 Key Management Personnel

- (a) Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
John Leslie Goody (appointed 28/09/06)	Director
Richard Haren (appointed 28/09/06)	Director
Robert Lawrence Barraket (appointed 6/03/07 & resigned 20/09/07)	Director
Jan Willem Van Der Veen (appointed 7/03/07 & resigned 20/09/07)	Director
Frank Reid Gardiner (appointed 11/07/07)	Director
Sydney Leslie Griff (appointed 28/9/06 & retired 6/03/07)	Director

Performance Based Remuneration

At present there is no performance-based component to executive or non-executive remuneration. However, performance of key management personnel will be reviewed annually.

Key Management Personnel Remuneration

Key Management Personnel

	Options	Cash, Salary & Commissions	Superannuation	Total	Value of Options as Proportion of Remuneration %
John Leslie Goody	\$900,000	\$2,500	\$225	\$902,725	99.7%
Richard Haren	\$200,000	\$2,500	\$225	\$202,725	98.5%
Robert Lawrence Barraket	\$25,000	\$2,500	\$225	\$27,725	90.2%
Jan Willem Van Der Veen	\$25,000	\$2,500	\$225	\$27,725	90.2%
Frank Reid Gardiner	0	0	0	\$0	0
Sydney Leslie Griff	0	0	0	\$0	0

Performance income as a proportion of total remuneration Nil

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 5 Key Management Personnel (cont.)

b) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 28 Sep 2006	Granted as Compensation	Options Exercised*	Net Change Other*	Balance 30 June 2007	Total Vested 30 June 2007	Total Exercisable 30 June 2007	Total Unexer- cisable 30 June 2007
2007								
John Leslie Goody	-	18,000,000	-	-	18,000,000	18,000,000	18,000,000	-
Richard Haren	-	4,000,000	-	-	4,000,000	4,000,000	4,000,000	-
Robert Lawrence Barraket	-	500,000	-	-	500,000	500,000	500,000	-
Jan Willem Van Der Veen	-	500,000	-	-	500,000	500,000	500,000	-
Frank Reid Gardiner	-	-	-	-	-	-	-	-
Sydney Leslie Griff	-	-	-	-	-	-	-	-
	-	23,000,000	-	-	23,000,000	23,000,000	23,000,000	-

The net change other column above includes those options that have been forfeited by holders as well as options issued during the year under review.

(c) Shareholdings

Number of Shares held by Key Management Personnel

	Balance 28 Sep 2006	Received as Compensation	Options Exercised	Net Change Other*	Balance 30 June 2007
2007					
Key Management Personnel					
John Leslie Goody	-	-	-	36,000,000	36,000,000
Richard Haren	-	-	-	3,000,000	3,000,000
Robert Lawrence Barraket	-	-	-	1,500,000	1,500,000
Jan Willem Van Der Veen	-	-	-	200,000	200,000
Frank Reid Gardiner	-	-	-	-	-
Sydney Leslie Griff	-	-	-	-	-
	-	-	-	40,700,000	40,700,000

* Net change other refers to shares purchased or sold during the financial year.

(d) Consulting Contract Commitments

John Goody and Richard Haren Consulting Contracts
Within one year - minimum commitment

2007
\$

150,000

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 5 Key Management Personnel (cont.)

Aussie Q Resources Limited has entered into Consultancy Agreements with Richard Haren and John Goody through their respective consultancy companies, Flatoak Pty Ltd and Goody Investments Pty Ltd.

The Consultancy Agreements commenced from the date of quotation of the entity's securities on the ASX and continues for a term of three years subject to termination provisions in the Agreement. The consultant may extend the duration of the Agreement by providing written notice to that effect.

Aussie Q Resources Limited will pay to the consultant a consultancy fee of \$150,000 per annum reviewed annually, in addition to a Director's fee of \$30,000 per annum plus superannuation. In addition and subject to any necessary shareholder approvals, the consultant will be granted options. Subject to the discretion of the Board, if the consultant or the consulting company terminates their engagements as consultant to the entity, any outstanding options which have not vested will immediately lapse and have no further force or effect.

The Consultant may terminate the Agreement at any time and for any reason by providing the entity three months' written notice. If the consultant terminates the Agreement, the entity may elect to pay the Consultant the equivalent of three months' fee and terminate the Agreement immediately.

The entity may terminate the Agreement immediately by serving written notice to the consultant and paying him the equivalent of six months' fee.

The entity may terminate the Agreement without payment by serving one months' notice to the Consultant if:

- i) The Consultancy Companies go into liquidation or make an arrangement with creditors or takes advantage of any statute for the relief of insolvent debtors.
- ii) The Consultant commits any serious or persistent breach of any of the provisions contained in the Agreement and the breach is not remedied within 14 days of the receipt of written notice.
- iii) In the reasonable opinion of the Board, the Consultant demonstrates incompetence in the performance of his duties under the Agreement.
- iv) The Consultant is guilty of grave misconduct or wilful neglect in the discharge of his duties and the breach is not remedied within 28 days of the receipt of written notice from the entity.

The entity may terminate the Agreement immediately without payment if the consultant is convicted of a major criminal offence or discloses or misuses price sensitive information affecting the entity or a client without prior written consent, except where disclosure is required by law.

(e) Company Secretary Contract Commitments

Within one year - minimum commitment

9,000

Aussie Q Resources Limited will pay to the consultant for his services a consulting fee of \$3,000 per month and to the extent that the consultant provides services in excess of 10 hours in any month, such excess hours will be remunerated at the rate of \$300 per hour.

The entity may at its sole discretion immediately terminate the engagement without payment if at any time the consultant makes a composition or arrangement with creditors generally or takes advantage of any statute for the relief of insolvent debtors or if at any time the consultant:

- i) is convicted of any major criminal offence which brings the consultant or the entity or any of its related bodies corporate into disrepute.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 5 Key Management Personnel (cont.)

- ii) commits any serious or persistent breach of any of the provisions contained in the Agreement and the breach is not remedied within 14 days of the receipt of written notice from the entity to the consultant to do so.
- iii) in the reasonable opinion of the Board, is absent in, or demonstrates incompetence with regard to the performance of his duties under this Agreement, or is neglectful of his duties under this Agreement, or otherwise does not perform his duties under this Agreement in satisfactory manner.
- iv) is guilty of any grave misconduct or wilful neglect in the discharge of his duties and the breach is not remedied within 28 days of the receipt of written notice from the entity to the consultant to do so.
- v) is of unsound mind or under the control of a committee or officer under any law relating to mental health.

If the entity or consultant wishes to terminate the Agreement either one must give at least three months written notice. The entity may elect to pay the consultant the equivalent of three months' fees and terminate the Agreement immediately.

Note 6 Auditors' Remuneration

	2007 \$
Remuneration of the auditor of the Company for:	
• auditing the financial report	20,000
• review of proforma balance sheet & accompanying notes for the prospectus	12,935
	<u>32,935</u>

Note 7 Earnings per Share

	2007 \$000
(a) Reconciliation of earnings to profit or loss	
Loss	(1,606)
Loss used to calculate basic EPS	<u>(1,606)</u>
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	
Weighted average number of options outstanding	45,224,637
Weighted average number of converting preference shares on issue	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>45,224,637</u>
(c) Options on issue are anti-dilutive.	

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 8 Cash and Cash Equivalents

	Note	2007 \$000
Cash at bank and in hand		11,104
Reconciliation of cash		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents		11,104

Note 9 Property, Plant and Equipment

	2007 \$000
PLANT AND EQUIPMENT	
Plant and equipment:	
At cost	3
Accumulated depreciation	-
	3
Mining and Exploration Equipment	
At cost	14
Accumulated depreciation	(1)
	13
Computer Equipment	
At cost	7
Accumulated depreciation	-
	7
Total plant and equipment	23
Total Property, Plant and Equipment	23

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 9 Property, Plant and Equipment (cont.)

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Computer Equipment \$000	Mining and Exploration Equipment \$000	Plant and Equipment \$000	Total \$000
Balance at 28 September 2006	-	-	-	-
Additions	7	14	3	24
Depreciation expense	-	(1)	-	(1)
Balance at 30 June 2007	7	13	3	23

(b) Carrying Amount of Plant and Equipment in the Course of Exploration

13	13
----	----

Note 10 Exploration and Evaluation Assets

	2007 \$000
Exploration expenditure capitalised	
• exploration and evaluation phases	6,095
Total exploration expenditure	6,095

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of porphyry copper/molybdenum mineralisation. Capitalised costs amounting to \$245,219 have been included in cash flows from investing activities in the cash flow statement.

Note 11 Other Assests

	2007 \$000
CURRENT	
Prepayments	35
Other Assets	135
	170
NON-CURRENT	
Deposits	11
	11

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 12 Trade and Other Payables

	Note	2007 \$000
CURRENT		
Unsecured liabilities		
Trade payables		62
Sundry payables and accrued expenses		133
		<u>195</u>

Note 13 Tax

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items:

	2007 \$000
Deductible temporary differences	489
Tax losses	154
	<u>643</u>

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the entity can utilise the benefits therefrom.

Note 14 Issued Capital

	2007 \$000
120,166,663 Ordinary Fully Paid Shares	19,352
Costs of Raising Capital	(2,038)
	<u>17,314</u>

(a) Ordinary Shares

	2007 No.	2007 \$
At the beginning of reporting period	-	
Shares issued during year		
Issued for Cash	77,166,666	12,501,900
Issued for Transfer of Mining Tenements	38,999,997	5,850,000
Issued for Underwriting Services	4,000,000	1,000,000
At reporting date	<u>120,166,663</u>	<u>19,351,900</u>

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 14 Issued Capital (cont.)

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

- (i) For information relating to the Aussie Q Resources Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end. Refer to Note 18: Share-Based Payments.
- (ii) For information relating to share options issued to key management personnel during the financial year, refer to Note 18: Share-Based Payments.

Note 15 Reserves

(a) Equity Compensation Reserve

The equity compensation reserve records the fair value of options issued (refer to note 18).

Note 16 Segment Reporting

Aussie Q Resources Limited forms a single business segment performing exploration activities. Aussie Q Resources Limited operates in one geographical segment, being Queensland.

Note 17 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2007 \$000
Loss after income tax	(1,606)
Cash flows excluded from profit attributable to operating activities	
Rental Bond	(3)
Non-cash flows in profit	
Share based payments	1,500
Depreciation	1
Changes in assets and liabilities	
(Increase)/decrease in prepayments	(35)
Increase/(decrease) in trade payables and accruals	59
Cash flow from operations	(84)

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 17 Cash Flow Information (cont.)

(b) Non-cash Financing and Investing Activities

(i) Share issue

4,000,000 ordinary shares were issued as the consideration for the underwriters of the public share issue. The share issue was based on the fair value of the underwriting shares, being \$0.25 per share.

38,999,997 ordinary shares were issued as the consideration for the transfer of the Rawbelle Tenements pursuant to a sale agreement. The share issue was based on the fair value of the shares issued, being \$0.15 per share.

Note 18 Share-Based Payments

On 30 January 2007, 30,000,000 share options were granted for ordinary shares at an exercise price of 30 cents. The options are able to be exercised immediately and expire on 30 January 2010. The options hold no voting or dividend rights and are not transferable. At balance date, no share option has been exercised.

23,000,000 options granted to key management personnel are over ordinary shares in Aussie Q Resources Limited which confer a right of one ordinary share for every option held.

	2007 Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year		
Granted	30,000,000	0.30
Outstanding at year-end	30,000,000	0.30
Exercisable at year-end	30,000,000	0.30

There were no options exercised during the year ended 30 June 2007.

The options outstanding at 30 June 2007 had a weighted average exercise price of \$0.30 and a weighted average remaining contractual life of three years. Exercise prices is \$0.30 in respect of options outstanding at 30 June 2007.

The weighted average fair value of the options granted during the year was \$0.05. The total value of the 30,000,000 options issued was \$1,500,000.

This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	30 cents
Weighted average life of the option	3 years
Underlying share price	15 cents
Expected share price volatility	71%
Risk free interest rate	6.1%

The expected share price volatility of 71% has been calculated by annualising the AGSM average standard deviation of returns for metal and mining stock with a market capitalisation of approximately \$30 million.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 19 Events After the Balance Sheet Date

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

Note 20 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties:

(a) Director related entities

On 2 January 2007, Aussie Q Resources Limited issued 38,999,997 Ordinary shares to Goody Investments Pty Ltd in consideration for the transfer of the Rawbelle Tenements pursuant to a sale agreement. The value per share of the consideration shares issued at 2 January 2007 and included in the balance sheet as at 30 June 2007 was 15 cents per share.

2007
\$

5,850,000

Note 21 Financial Instruments

(a) Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks.

(i) Treasury Risk Management

Senior executives of the entity meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risk the entity is exposed to through its financial instruments is liquidity risk.

Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash in operating accounts is maintained.

Credit risk

The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 21 Financial Instruments (cont.)

(b) Financial Instruments

(i) Interest Rate Risk

The entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate 2007	Floating Interest Rate \$000 2007	Total \$000 2007
Financial Assets:			
Cash and cash equivalents	4.7%	11,104	11,104
Total Financial Assets		11,104	11,104

(ii) Net Fair Values

The only financial instruments held at balance date are cash and cash equivalents, and creditors. The Directors believe the net fair value and carrying value of cash and cash equivalents are the same at balance date. The creditors net fair value and carrying value are believed to be the same due to their short term nature.

Note 22 Capital and Other Commitments

(i) Lease Commitments

The future minimum lease payments under non-cancellable leases are as follows:

Contract for Premises

Within one year

One year or later and no later then five years

Later then five years

Total \$000 2007
21
-
-
21

The entity leases a premise under an operating lease. The lease runs for a period of one year, with an option to renew the lease after that date. The premise lease was entered into on 14 February 2007 and the rental payment is \$2,750 per month. To determine the operating lease classification, the entity considered that the land title did not pass, the rent paid to the landlord for the building is increased to market rent at regular intervals, and the entity does not participate in the residual value of the building. Accordingly, it was judged that substantially all the risks and rewards of the building are with the landlord. Based on these qualitative factors it was concluded that the leases are operating leases.

notes to the financial statements

for the period ended 30 June 2007 (cont.)

Note 22 Capital and Other Commitments (cont.)

(ii) Geologist Contract Commitments

Chief Geologist Contract	
Within one year	34
One year or later and no later than five years	-
Later than five years	-
	<u>34</u>

(iii) Exploration Commitments

EPM Security Contracts	
Within one year	245
One year or later and no later than five years	46
Later than five years	-
	<u>291</u>

Note 23 Company Details

The registered office of the company is:

Aussie Q Resources Limited

Level 1, 27-29 Crombie Avenue, Bundall Qld 4217

The principal place of business is:

Aussie Q Resources Limited

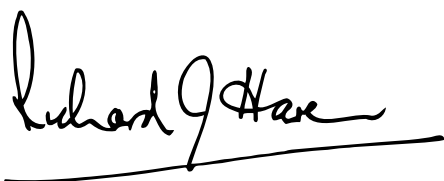
Level 1, 27-29 Crombie Avenue, Bundall Qld 4217

directors' declaration

The Directors of the company declare that:

1. the financial statements and notes and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, as set out on pages 1 to 21, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the period 28 September 2006 to 30 June 2007 date of the company;
2. the financial report also complies with International Financial Reporting Standards as disclosed in note 1.
3. the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures.
4. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial period comply with the Accounting Standards;
 - (c) the financial statements and notes for the financial period give a true and fair view; and
 - (d) any other matters that are prescribed by the Regulations for the purposes of Section 295A(2) in relation to the financial statements and notes for the financial period are satisfied.
5. in the Directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Dr Richard Haren
Director

Dated this 28th day of September 2007

independent audit report to members



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

Report on the financial report

We have audited the accompanying financial report of Aussie Q Resources Limited (the Company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the period 28 September 2006 to 30 June 2007, a summary of significant accounting policies and other explanatory notes 1 to 23 and the Directors' declaration.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

independent audit report to members (cont.)

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion:

(a) the financial report of Aussie Q Resources Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the financial period ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 1.

KPMG

S J Board
Partner

Gold Coast

28 September 2007

asx additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The Company confirms that since admission to the ASX it has used its cash resources consistent with its business objectives as set out in its Prospectus dated 21 March 2007

Shareholdings (as at 5 October 2007)

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
Goody Investments Pty Ltd	36,000,000
Captain Starlight Nominees Pty Ltd	23,133,333

Voting rights

Ordinary shares

One vote per member on a show of hands and one vote per share on a poll

Options

There are no voting rights attached to the options.

Distribution of equity security holders

Category	NUMBER OF EQUITY SECURITY HOLDERS	
	Ordinary shares	Options
1 - 1,000	1	-
1,001 - 5,000	22	-
5,001 - 10,000	124	-
10,001 - 100,000	320	-
100,001 and over	84	8
	551	8

The number of shareholders holding less than a marketable parcel of ordinary shares is seven.

Securities Exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Brisbane.

Other information

Aussie Q Resources Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Restricted Securities

The following securities are not quoted and are classified as restricted securities for the periods as follows:

Class	Number	Holders	Restriction End Date
Fully paid ordinary shares issued	68,833,330	9	30 January 2009
	1,333,330	12	30 January 2008
Options exercisable at \$0.30	29,000,000	7	30 January 2009
	1,000,000	1	30 January 2008

asx additional information (cont.)

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of capital held
Goody Investments Pty Ltd	36,000,000	29.96
Captain Starlight Nominees Pty Ltd	23,133,333	19.25
McNeil Nominees Pty Ltd	5,075,000	4.22
J & O Investments Pty Ltd	4,000,000	3.33
Securities & Investment Group Pty Ltd	3,700,000	3.08
R J Haren & S M Haren as Trustees for R & S Haren Super Fund	3,000,000	2.50
Red Boulder Pty Ltd	2,242,879	1.87
Merrill Lynch (Australia) Nominees Pty Ltd	1,928,861	1.61
Citicoro Nominees Pty Limited	1,759,679	1.46
Litho Art Pty Ltd	1,301,156	1.08
ANZ Nominees Ltd	1,058,140	0.88
Captain Starlight Nominees Pty Ltd as Trustee for Bob Barraket	1,000,000	0.83
Jianjun Yin	980,000	0.82
Howard Hilton	903,000	0.75
Lay Kee Tay	814,800	0.68
Archem Trading NZ Limited	800,000	0.67
Jing Ze Li	666,666	0.55
Sharechart Pty Ltd	650,000	0.54
Sound Genesis Pty Ltd	602,275	0.50
Bruce Birnie Pty Ltd	600,000	0.50
Totals	90,215,789	75.08

On-market buy-back

There is no current on-market buy-back

Offices and officers

Company Secretary

Stephen Lonergan, (LLB,LLM)

Principal Registered Office

Aussie Q Resources Limited
Level 1,
27-29 Crombie Avenue
Bundall Qld 4217
Ph: **07 5574 3830**
Fax: **07 5574 3568**

Locations of Share Registers

Computershare Investor Services Pty Ltd
Level 19, 307 Queen Street
Brisbane Qld 4000
Ph: **07 3237 2100**
Fax: **07 3237 2152**

As at 5 October 2007 the Company held the following interests in mining tenements

Tenement	Location	Percentage interest held
EPM 14627	Northwest of Eisdvold, Qld.	100%
EPM 14628	Northwest of Monto, Qld	100%
EPMA 15919	Northwest of Eisdvold, Qld	100% (beneficial interest tenement yet to be assigned)
EPMA 15920	Northwest of Monto, Qld	100% (beneficial interest tenement yet to be assigned)
EPM 15921	Northwest of Monto, Qld	100% (beneficial interest tenement being assigned)
EPM 15922	Northwest of Monto, Qld	100%

corporate governance statement

Prior to its listing on the Australian Securities Exchange ("ASX"), the Company released a Statement setting out how it complied with the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("Recommendations") and, where applicable, identifying the areas where it did not comply and the reasons therefor.

Since then, the ASX has released revised Recommendations ('the Principles'). Disclosure against the Principles is not mandatory until the 2008/9 financial year but companies have been encouraged to report against the Principles before then. The Company has elected to report against the Principles immediately.

By way of background, the Company currently has only one independent Director (Mr Frank Gardiner) and two Non Independent Executive Directors (Messrs Haren and Goody). Two independent Directors resigned on 21 September 2007 and the Board is considering appointing at least two new independent Directors. The Company has no employees and its sole business activity is the exploration of 5 tenements in the region west of Monto, Queensland. The priority of the Board in the four months since ASX listing has been to initiate and manage the exploration activities committed to in the Company's Prospectus.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Principles. As the Company's activities develop in size, nature and scope, further consideration will be given by the Board to the implementation of additional corporate governance structures.

	Principle	Aussie Q Resources Limited current practice
1.1	Formalise and disclose functions reserved to the board and those delegated to management.	Satisfied. Board charter is available at www.aussieqresources.com.au
1.2	Disclose the process of evaluating the performance of Senior Executives	Not satisfied. A process will be established once the Company gets beyond the current establishment phase.
1.3	Disclose whether performance evaluation of Senior Executives has taken place in accordance with the disclosed process	The Board believes that performance evaluation is premature given the Company has only been operating for some 4 months.
2.1	A majority of the board should be independent Directors.	Not satisfied due to recent resignations. Currently there is one independent Director and two Executive Directors. The Board is considering appointing at least two new independent Directors.
2.2	The chairperson should be an independent Director.	Satisfied. The chairperson of the Board is an independent Director.
2.3	Roles of chairperson and CEO should not be exercised by same person.	Satisfied. The chairperson of the Board is a Non-Executive Director.
2.4	The board should establish a nomination committee.	Not satisfied. The Board consider that given the current size of the board, this function is efficiently achieved with full board participation. Accordingly, the Board has resolved not to establish a nomination committee at this stage.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors	Not satisfied. A process will be considered once the necessary new appointments of independent Directors has been achieved.

corporate governance statement (cont.)

Principle	Aussie Q Resources Limited current practice
2.6 Companies should provide the information about the board specified in the reporting guide to Principle 2	The skills and period in office of each Director are set out in this Annual Report and Mr Gardiner has been identified as the only independent Director. The Board has agreed that any Director may take independent professional advice at the expense of the Company after consultation with the Chairman. No policy on the selection/nomination of new Directors has been adopted.
3.1 Establish a code of conduct	Satisfied. Code of conduct is available at www.aussieqresources.com.au
3.2 Disclose policy concerning trading in company's securities by Directors, Senior Executives and employees.	Satisfied. Trading in securities policy is available at www.aussieqresources.com.au
3.3 Report and disclose 3.1 and 3.2.	Satisfied. Available at www.aussieqresources.com.au
4.1 The board should establish an audit committee.	An audit committee has been established but its two independent Directors resigned in September 2007.
4.2 Structure the audit committee so that it consists of only Non-Executive Directors, a majority of independent Directors, the chairperson is independent and not the chair of the board and it has at least three members.	Not satisfied. The audit committee consisted of two independent Non-Executive Directors until their resignations in September 2007. The current Chairman of the Board is to be a member of the audit committee but not the Chairman of the Audit Committee. The audit committee will be in compliance with the Principles once two new independent Directors are appointed.
4.3 The audit committee should have a formal charter.	Satisfied. Available at www.aussieqresources.com.au
4.4 Report on the above including names of members and qualifications, numbers and meetings and attendees in the Annual Report.	Not currently applicable. No audit meetings were undertaken prior to 30 June 2007.
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior management level for that compliance.	Satisfied. Continuous disclosure policy is available at www.aussieqresources.com.au
5.2 Post 5.1 on website and disclose any departures	Satisfied. Refer 5.1
6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Satisfied. Communications with shareholders policy is available at www.aussieqresources.com.au
6.2 Companies should use their websites to provide information, including webcasting, press releases and shareholder information by email	The Company maintains a website and posts all information on it. Other communication initiatives are being considered.

corporate governance statement (cont.)

	Principle	Aussie Q Resources Limited current practice
7.1	The board or appropriate board committee should establish policies on risk oversight and management and disclose a summary of those policies.	Satisfied. The risk management program is available at www.aussieqresources.com.au
7.2	The Chief Executive Officer and Chief Financial Officer should provide a statement to the board in writing relating to financial integrity and risk management.	Satisfied
7.3	Report and disclose 7.1 and 7.2	7.1 Satisfied. Refer 7.1 7.2 Satisfied. Refer 7.1
7.4	Information specified in the guide on Principle 7 should be provided	Satisfied to the extent of the disclosures above.
8.1	The board should establish a Remuneration Committee	Not satisfied. The board considers given the current simplicity of the company that this function can best be discharged by the Board.
8.2	Clearly distinguish the structure of Non Executive Director remuneration from that of Executive Directors and Senior Executives particularly with respect to equity based and other incentive remuneration	The Company has not yet provided any equity based remuneration to any Director or employee and there are no arrangements for incentive remuneration but the board may in the future award employees or consultants bonus remuneration for superior performance.
8.3	Information specified in the guide on Principle 8 should be provided	Satisfied. Non Executive Directors do not receive options, bonus payments or retirement benefits and their remuneration structure is distinct from that of Executives.

