Aussie Q Resources Limited

ABN 091 121 964 725

Annual Report

30 June 2011

Contents

The directors present their report together with the consolidated financial report of Aussie Q Resources Limited (the Company), comprising the Company and its subsidiaries (together referred to as the Group) for the financial year ended 30 June 2011 and the auditor's report thereon.

1. Directors and chief executive officer

The names of Directors and the Chief Executive Officer in office at any time during or since the end of the financial year:

Directors:	
Mr. Thomas Joseph Mann	(appointed 28 June 2010)
Mr. John Leslie Goody	(appointed 28 September 2006)
Dr. Richard John Haren	(appointed 28 September 2006)
Mr. Edgar George Newman	(appointed 31 December 2008)
Mr. Sydney Leslie Griff	(appointed 17 May 2010)
Chief Executive Officer:	
Mr. Charles Carnie	(resigned 29 July 2011)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated. Information on each person's qualifications, experience and special responsibilities is given in section 8 of the Directors' report.

2. Company secretary

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

Mr. Stephen J. Lonergan LLB (Hons), LLM (Mc Gill)

Mr. Lonergan was the general counsel and company secretary of CBH Resources Ltd until its takeover in 2010. He is a director and company secretary of Paradigm Gold Ltd and is a director of Finders Resources Limited. He is also an executive director and company secretary of Kimberley Metals Limited. He was General Counsel of 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.

3. Principal activities

The principal activities of the Group during the financial period were exploration of porphyry copper/molybdenum mineralisation near Monto, Queensland. The Group is exploring ten Exploration Permit Minerals (EPMs) in the Monto region (exceeding 1,200 sq kms in area) for base metals. The main focus of exploration includes copper and molybdenum with credits from tungsten and silver. It is the Group's intention to move towards a mining operation on the EPM's if the exploration phase is successful.

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

4. Operating and financial review

Operating Results

The loss of the Group after providing for income tax amounted to $5,231,000 (2010: $969,000).

Dividends

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

Review of Exploration Operations

The twelve month period to 30 June, 2011 has been most encouraging for the Company. Targeted drilling of the prospective zones within the Greater Whitewash region was ongoing until late December 2010, and from then the geological team assembled the full compliment of geoscientific data into a Geographic Information System (GIS) whilst continuing general exploration activities including mapping and surface sampling. Samples of drill core and chips have been sent for metallurgical assessment.

The GIS data based on the results of over 62,000 metres of drilling were provided to SRK Consulting an independent consulting group who calculated a revised JORC compliant Resource for Greater Whitewash. This was announced in late May 2011. The revised Resource increased the initial Whitewash Resource tonnage by a factor of 240% with more than 76% of the revised Resource in the "Indicated" category.

The resource has been upgraded from a 100% "Inferred" 71.5 million tonnes to 242 million tonnes grading 604ppm MoEq* at a 425ppm cut off. This Resource includes 85 million tonnes grading 808ppm MoEq* with a cut off grade of 600ppm MoEq*, as well as high grade shallow Resources totalling 10 million tonnes grading 939ppm MoEq*. The Resource remains open at depth, along strike and across strike in many places according to SRK. SRK also indicated that there was potential for similar resources to be found within the overall strike of Greater Whitewash. The Group believes that the shallow resources may assist by providing an early cash flow once a mining plan is developed.

The Group's principal activity is the exploration of the Rawbelle Project in southern Queensland which is situated approximately 30 kms west of the town of Monto. Monto is a town of 1500 people and approximately 110 kms south of Gladstone, a deep-water port. The region hosts exceptionally good infrastructure including a mining oriented town with a willing workforce, bitumen highways that pass through the Permit areas, a viable rail system, extensive power grid and large scale water resources.

The Group controls seven contiguous Exploration Permits for Minerals (EPMs) 14628, 15920, 15921, 15922, 17001, 17002, 17060 which are held 100% by the Company and three contiguous EPMs at Kildare, namely, 14627, 15919 and 18202 which are situated approximately 20 kms to the south of the group of seven and were joint ventured with SLW Minerals Pty Ltd (SLW) in January 2011. The Company and SLW formed an entity SLW Queensland Pty Ltd with SLW holding 65% and AQR holding 35%, SLWQ also applied for a contiguous EPM namely EPM19029, Oakey Creek. SLW has injected an initial $2 million loan into SLWQ. If exploration proves successful, then SLW will inject a further $2 million. The Company has no obligation to fund SLWQ. The Kildare and Oakey Creek permits are highly prospective for copper and molybdenum.

The EPMs held by the Company and EPMs joint ventured with SLW host a number of prospective areas or prospects called Whitewash, Gordons, Whitewash South, Juicy Fruit, Noddy's Creek, Kiwi Carpet, Anomaly 7B, Kildare, Trevethan, Bulls Eye, Bucket Mountain, Brigalow, Mount Hindmarsh, Orange Hill, Lemon Hill, Windmill Hill and Sandy Creek. The Group has ranked these prospects as development, advanced and grass roots, depending on the amount of work that was performed and the results.

4. Operating and financial review (continued)

Review of Exploration Operations (continued)

Within the ten permits that make up the Rawbelle Project area there are numerous highly prospective zones. Some of these will be assessed by the Group over the next twelve months.

*The MoEq formula is; MoEq = Mo + Cu/3.8 + Ag*28.8
This is based on metal prices from late May 2011
Mo = US$37 150 /t
Cu = US$9 781/t
Ag =US$33.38 /troy Oz, and assumes equal process recoveries for all three elements.

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

Financial Position

The net assets of the Group at 30 June 2011 were $19,632,000 (2010: $17,307,000), with cash on hand of $3,336,000 (2010: $2,156,000).

The Directors believe the Group is in a strong and stable financial position to continue its current exploration operations.

Aussie Q Resources Limited's opening share price on 1 July 2010 was $0.28 per share. During the year ended 30 June 2011 the share price varied between $0.28 and $0.68 per share. The closing share price at 30 June 2011 was $0.29 per share.

Significant changes in the state of affairs

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

5. Events subsequent to reporting date

Charles Carnie resigned as Chief Executive Officer on 29 July 2011.

6. Future developments, prospects and business strategies

Post 30 June 2011, the Group has signed a drilling contract with United Drilling Services to provide a further 10,000 metres of RC and diamond drilling. This drilling will concentrate on many of the highly prospective satellites within the Rawbelle Project area. The geological team is actively acquiring data with the Niton portable Xray Fluorescence (XRF) system and using its geometrics magnetometer to acquire infill magnetic data over selected prospective areas to assist with drill placement. The board is reviewing the exploration strategy for all the Group's prospects.

7. Environmental regulation

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State. Details of the Group'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 Group moves into production and these issues will be thoroughly assessed at the time any mining authority is sought. Usual measures are undertaken pre and post drilling to ensure that the environmental impact is minimised. This includes re-contouring and re-seeding affected areas and capping drill collars. The work undertaken to date has produced minimal impact on the environment. No issues regarding compliance were encountered during the reporting period.

8. Information on directors

Thomas Joseph Mann age 65	—	Non Executive Chairman (appointed 28 June 2010)
Experience	—	Mr. Mann has over 30 years' experience in financial markets and global trade having established a global trading corporation with offices in North America and the Asia-Pacific. Mr. Mann has been actively involved in capital raising and strategic development initiatives for public and private companies.
Interest in Shares and Options	—	5,033,334 shares held by Mann Super Pension Fund
Special Responsibilities	—	Member of the Audit Committee
Directorships held in other listed entities in the last 3 years	—	Resource & Investment NL (appointed 27 April 2010) Medical Australia Limited (Chairman until May 2010)
John Leslie Goody age 59	—	Executive Director
Qualifications	—	Member of the Geological Society of Australia
Experience	—	Mr. Goody has over 40 years experience in the mining industry and hasbeen responsible for the development of various prospects throughout Australia, Papua New Guinea, Vanuatu, Philippines, China and Chile.
Interest in Shares and Options	—	29,351,112 shares held by Goody Investments Pty Limited, 1,000,000 shares held by John Leslie Goody and 2,000,000 shares held by Goody Family Trust.
Directorships held in other listed entities in the last 3 years	—	None

8. Informaion on directors (continued)

Richard John Haren age 66	—	Non Executive Director
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 20 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	—	2,100,000 shares held by R & S Haren Superfund
Special Responsibilities	—	Member of the Audit Committee
Directorships held in other listed entities in the last 3 years	—	South American Iron and Steel Corporation Limited (appointed 13 May 2009)
Edgar George Newman age 59	—	Non Executive Director
Qualifications	—	Dip AppSc (Chem)
Experience	—	Mr. Newman has over 33 years experience in the mining and exploration industry. He has held positions as chemist and manager of an analytical services laboratory as well as being involved in feasibility studies, design, construction and commissioning of several mining and processing operations in Australia and Papua New Guinea.
Interest in Shares and Options	—	None
Special Responsibilities	—	Chairman of the Audit Committee
Directorships held in other listed entities in the last 3 years	—	Macmin Silver Ltd (resigned August 2009)

8. Information on directors (continued)

Sydney Leslie Griff age 85	—	Non Executive Director (appointed 17 May 2010)
Experience	—	Mr. Griff has over 40 years' experience in the mining and Resources sector in Australia and abroad. He has been involved in the corporate and operational development of a range of successfully developed ASX listed companies.
Interest in Shares and Options	—	11,033,334 shares held by SLG Australia Pty. Ltd. 200,000 shares held by Bertney Pty. Ltd and 10,400 shares held by Travelly Pty. Ltd.
Directorships held in other listed entities in the last 3 years	—	None

9. Remuneration report – audited

9.1 Principles of compensation

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

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 Group. This category includes the Executive Director of the Company, Mr. John Goody who is engaged under a consultancy arrangement.

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.

Executive Director, Mr. John Goody is retained on a three year contract, commencing on the date the entity was admitted to the official list of the ASX (14 June, 2007), as a consultant to the Group. His contract provides that his fee will be reviewed annually. His contract expired on 14 June 2010 but is being continued on a month to month basis pending a review by the Board and Mr. Goody.

All Non-executive Directors receive directors' fees coupled with superannuation payments and, when providing additional services to the Group, they are paid at normal commercial rates for their work. Neither Non-executive Directors nor key management personnel are entitled to any retirement benefits.

All remuneration paid to Directors and key management personnel is valued at cost to the Group and expensed or capitalised as appropriate.

9. Remuneration report – audited (continued)

9.1 Principles of compensation (continued)

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the board has regard to the following indices in respect of the current financial year and the previous four financial years.

In thousands of AUD	2011	2010	2009	2008	2007 (i)
Net loss attributable to owners of the company	**$ (5,231)**	**$ (969)**	**$ (1,085)**	**$ (348)**	**$ (1,606)**
Dividends paid	**-**	**-**	**-**	**-**	**-**
Change in share price	**0.010 cents**	**0.240 cents**	**(0.060) cents**	**(0.115) cents**	**(0.035) cents**

(i) First period of account, from incorporation on 28 September 2006 to 30 June 2007.

Loss amounts for 2007 to 2011 have been calculated in accordance with Australian Accounting Standards (AASBs).

9.2 Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company, each of the two named Company executives and relevant Group executives who receive the highest remuneration and other key management personnel of the Group are:

		Short-term		Post-employment	Share-based payments		
in AUD		Salary & fees $	Consulting fees $	Super-annuation benefits $	Options $	Total $	S300A(1)(3) (vi) Value of options as proportion of remuneration %
Directors							
Non-executive directors							
Thomas Mann (appointed 28 June 2010)	2011	120,000	-	10,800	-	130,800	-
	2010	-	-	-	-	-	-
Richard Haren	2011	50,000	25,979	4,500	-	80,479	-
	2010	50,000	44,115	4,500	-	98,615	-
Edgar Newman	2011	25,000	-	29,500	-	54,500	-
	2010	20,832	6,700	34,271	-	61,803	-
Sydney Griff (appointed 17 May 2010)	2011	50,000	28,300	-	-	78,300	-
	2010	6,349	-	-	-	6,349	-
Executive Directors							
John Goody	2011	-	295,786	-	-	295,786	-
	2010	-	305,736	-	-	305,736	-
Chief Executive Officer							
Charles Carnie (appointed 1 August 2010)	2011	183,333	-	16,500	809,200	1,009,033	80.2%

Short-term salaries and fees include Non-Executive Director's fees and fees paid to related parties for consulting services provided. The remuneration disclosed above represents the cost to the Group for the services provided by Directors.

Performance income as a proportion of total remuneration: Nil

Details of performance related remuneration

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

9. Remuneration report – audited (continued)

9.3 Equity instruments

All options refer to options over ordinary shares of Aussie Q Resources Limited, which are exercisable on a one-for-one basis.

9.3.1 Options and rights over equity instruments granted as compensation

Details of shares in the Company that were granted as compensation to each key management person during the reporting period are as follows:

	Number of shares granted during 2011	Issue Date	Fair value per share at grant date ($)	Issue price per share ($)
Executives				
Charles Carnie	2,000,000	8 September 2010	0.4046	0.50

The acquisition of the ordinary shares was funded by a limited recourse, interest free, 3 year loan from the Company, secured against these shares. Charles Carnie resigned on 29 July 2011, as a result the shares were sold and the loan repaid. In accordance with AASB 2 the loan provided to Charles Carnie has been treated as an option.

There has been no exercise of options granted as compensation during the current period or the prior period.

9.3.2 Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

9.3.3 Analysis of movements in options

There was no movement, during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties.

9.4 Consulting contract commitments

John Goody and Richard Haren Consulting Contracts

Within one year - minimum commitment

In 2007, Aussie Q Resources Limited entered into Consultancy Agreements with John Goody and Richard Haren through their respective consultancy companies, Goody Investments Pty Ltd. and Flatoak Pty. Ltd.

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

Aussie Q Resources Limited initially agreed to 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 would be granted options. Subject to the discretion of the Board, if the consultant or the consulting company terminates their engagements as consultant to the Company, any outstanding options which have not vested would immediately lapse and have no further force or effect.

Following a remuneration review, the remuneration pursuant to the Consultancy Agreement with Goody Investments Pty. Ltd. was increased to $262,500 (ex gst) per annum with effect from 1 July 2008. The remuneration payable pursuant to the Consultancy Agreement with Flatoak Pty. Ltd. was increased to $210,000 ex gst per annum with effect from 1 July 2008.

9. Remuneration report – audited (continued)

9.4 Consulting contract commitments (continued)

On 31 December, 2008, the Consultancy Agreement with Flatoak Pty. Ltd. was terminated by agreement and Dr. Richard Haren ceased to be CEO and became a Non Executive Director.

On 14 June 2010, the Consultancy Agreement with Goody Investments Pty. Ltd. expired, however the agreement is currently being extended on a monthly basis.

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

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

The Company may terminate the Agreement without payment by serving one month's notice to the Consultant if:

i) The Consultancy Company goes into liquidation or makes 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 Company.

The Company 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 Company or a client without prior written consent, except where disclosure is required by law.

9.5 Non-executive directors

At the 2007 Annual General Meeting, shareholders approved an aggregate amount of $250,000 to be available for payment of Non Executive Directors fees. During the year ended 30 June 2011, the Non Executive Directors fees were paid as follows:

- Richard Haren - $50,000 plus statutory superannuation of 9%.
- Edgar Newman - $50,000 of which $29,500 was salary sacrificed for superannuation, plus statutory superannuation of 9%.
- Sydney Griff - $50,000
- Thomas Mann - $120,000 plus statutory superannuation of 9%.

The total non-executive director fees paid for the year ended 30 June 2011 exceeded the amount approved by shareholders of $250,000 at the 2007 AGM. The Director's believe the total amount paid is reasonable given the responsibilities of the non-executive directors and reflective of current market conditions.

10. Directors' meetings

During the financial period, five (5) Meetings of the Board of Directors were held. Attendances by each Director during the period were as follows:

Directors' Meetings	Number attended	Number eligible to attend
Thomas Mann	5	5
John Goody	5	5
Richard Haren	5	5
Edgar Newman	5	5
Sydney Griff	5	5

As well, two (2) Audit Committee meetings were held. Edgar Newman, and Richard Haren attended both meetings.

11. Share options

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
31/12/2011	$0.10	2,000,000
31/01/2012	$0.20	250,000

All options granted were exercisable at 30 June 2011 and all options were provided at no cost to the recipients.

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
210,000	$0.20

The options that expire on 31/12/2011 hold no voting or dividend rights and are not transferable. The options that expire on 31/01/2012 hold no voting or dividend rights and are transferable upon director approval.

12. Indemnification and insurance of officers and auditors

The Company has agreed to indemnify the current directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of the conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company 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 Company, other than conduct involving wilful breach of duty in relation to the Company. The directors have not included details of the amount of the premium paid in respect of the directors' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

13. Non-audit services

During the period, KPMG, the Company's auditor, has not performed any other services in addition to their statutory duties.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit services provided during the year are set out in Note 33 of the consolidated financial report.

14. Proceedings on behalf of the Company

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

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

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 48 and forms part of the directors' report for the financial year ended 30 June 2011.

16. Rounding off

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

This report is made with a resolution of the directors:

John Goody
Director

Dated at Monto this 30th day of September 2011.

Aussie Q Resources Limited
Consolidated statement of financial position
As at 30 June 2011

in thousands of AUD	***Note***	**2011**	**2010**
Assets			
Cash and cash equivalents	*19*	3,336	2,156
Trade and other receivables	*18*	84	196
Other investments	*16*	36	35
Prepayments		38	33
Total current assets		3,494	2,420
Other investments	*16*	124	89
Investments in equity accounted investees	*15*	-	-
Property, plant and equipment	*13*	261	250
Other assets		29	29
Exploration and evaluation assets	*14*	16,016	14,914
Total non-current assets		16,430	15,282
Total assets		19,924	17,702
Liabilities			
Trade and other payables	*26*	192	306
Loans and borrowings	*22*	-	6
Provisions	*25*	50	50
Employee benefits	*23*	50	33
Total current liabilities		292	395
Total non-current liabilities		-	-
Total liabilities		292	395
Net assets		19,632	17,307
Equity			
Share capital	*20*	27,271	19,796
Reserves	*20*	92	16
Accumulated losses		(7,731)	(2,505)
Total equity attributable to equity holders of the Company		19,632	17,307
Total equity		19,632	17,307

The notes on pages 17 to 44 are an integral part of these consolidated financial statements.

Aussie Q Resources Limited

Consolidated statement of comprehensive income

For the year ended 30 June 2011

in thousands of AUD	***Note***	**2011**	**2010**
Revenue	*8*	6	-
Other income	*9*	14	2
Administrative expenses		(920)	(600)
Other expenses	*10*	(4,522)	(542)
Results from operating activities		(5,422)	(1,140)
Finance income		191	171
Net finance income	*11*	191	171
Share of loss of equity accounted investees (net of tax)	*15*	-	-
Loss before income tax		(5,231)	(969)
Income tax expense	*12*	-	-
Loss for the period		(5,231)	(969)
Other comprehensive income		-	-
Total comprehensive income for the year		(5,231)	(969)
Loss attributable to:			
Owners of the Company		(5,231)	(969)
Loss for the period		(5,231)	(969)
Total comprehensive income attributable to:			
Owners of the Company		(5,231)	(969)
Total comprehensive income for the period		(5,231)	(969)
Earnings per share			
Basic loss per share (AUD)	*21*	(3.71) cents	(0.79) cents
Diluted loss per share (AUD)	*21*	(3.71) cents	(0.79) cents

The notes on pages 17 to 44 are an integral part of these consolidated financial statements.

Aussie Q Resources Limited

Consolidated statement of changes in equity

For the year ended 30 June 2011

		Attributable to equity holders of the Company			
in thousands of AUD	***Note***	**Share capital**	**Equity compensation reserve**	**Accumulated losses**	**Total equity**
Balance at 1 July 2009		17,258	1,517	(3,037)	15,738
Total comprehensive income for the period					
Profit or loss		-	-	(969)	(969)
Total comprehensive income for the year		-	-	(969)	(969)
Transactions with owners of the Company, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Issue of ordinary shares	*20*	2,000	-	-	2,000
Capital raising costs		(55)	-	-	(55)
Share-based payment transactions	*24*	60	-	-	60
Share options exercised	*20*	533	(88)	88	533
Share options expired	*24*	-	(1,413)	1,413	-
Total contributions by and distributions to owners of the Company		2,538	(1,501)	1,501	2,538
Total transactions with owners		2,538	(1,501)	1,501	2,538
Balance at 30 June 2010		19,796	16	(2,505)	17,307
Balance at 1 July 2010		19,796	16	(2,505)	17,307
Total comprehensive income for the year					
Profit or loss		-	-	(5,231)	(5,231)
Total comprehensive income for the year		-	-	(5,231)	(5,231)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares	*20*	6,737	-	-	6,737
Capital raising costs		(338)	-	-	(338)
Share-based payment transactions	*24*	1,034	81	-	1,115
Share options exercised	*20*	42	(5)	5	42
Total contributions by and distributions to owners of the Company		7,475	76	5	7,556
Total transactions with owners of the Company		7,475	76	5	7,556
Balance at 30 June 2011		27,271	92	(7,731)	19,632

The amounts recognised directly in equity are disclosed net of tax.

The notes on pages 17 to 44 are an integral part of these consolidated financial statements.

Aussie Q Resources Limited
Consolidated statement of cash flows
For the year ended 30 June 2011

in thousands of AUD	***Note***	**2011**	**2010**
Cash flows from operating activities			
Cash receipts from service fees		1	-
Cash paid to suppliers and employees		(1,318)	(1,223)
Cash generated from operations		(1,317)	(1,223)
Interest received		151	117
Net cash used in operating activities	*19b*	(1,166)	(1,106)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	*13*	-	29
Acquisition of property, plant and equipment	*13*	(100)	(124)
Payments for exploration activities		(4,219)	(2,429)
Acquisition of other investments		(2)	(8)
Net cash used in investing activities		(4,321)	(2,532)
Cash flows from financing activities			
Proceeds from issue of share capital	*20*	6,220	2,533
Payment of capital raising costs	*20*	(113)	-
Proceeds from loans repaid by director	*24*	560	-
Net cash from financing activities		6,667	2,533
Net decrease in cash and cash equivalents		1,180	(1,105)
Cash and cash equivalents at 1 July		2,156	3,261
Cash and cash equivalents at 30 June		3,336	2,156

The notes on pages 17 to 44 are an integral part of these consolidated financial statements.

1. Reporting entity

Aussie Q Resources Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 1, 27-29 Crombie Avenue Bundall Qld 4217. The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiary (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. The Group primarily is involved in prospect and tenement exploration for a range of minerals including copper and molybdenum.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 30 September 2011.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

The Company 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.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 3 – going concern
- note 12 – utilisation of tax losses
- note 14 – exploration and evaluation asset recoverability
- note 17 – deferred tax assets and liabilities
- note 24 – measurement of share-based payments

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

- note 25 – provisions
- note 27 – valuation of financial instruments

(e) Removal of parent entity financial statements

The Group has applied amendments to the Corporations Act (2001) that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in note 34.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 July 2009

For acquisitions on or after 1 July 2009, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investments in associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The cost of investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit and loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

During the year ended 30 June 2011, the Group incurred a net loss before tax of $5,231,000 and net cash outflow from operations and investing activities was $5,487,000. As at 30 June 2011, the Group had net assets of $19,632,000, including cash of $3,336,000. The Directors have prepared cash flow projections for the coming 12 months that support the ability of the Group to continue as a going concern. These cash flow projections assume either the Group obtains sufficient additional funding from shareholders or other

3. Significant accounting policies (continued)

(b) Going concern (continued)

parties, or if such funding is not obtained, the Group plans to reduce expenditures while still meeting the minimum mining tenement exploration and evaluation costs considering the level of cash funds available.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as s component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories of financial assets. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(f)(i)), are recognised in other comprehensive income and presented within equity in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Group's financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Recognition and measurement (continued)

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The depreciation rates used for each class of depreciable assets are:

• Computer equipment	20% - 67%
• Mining and exploration equipment	5% - 67%
• Plant and equipment	5% - 50%
• Motor vehicles	10% - 25%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) 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 profit or loss.

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 operation 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 purpose 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 larger than the area of interest.

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.

(f) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3. Significant accounting policies (continued)

(f) Impairment (continued)

(i) Non-derivative financial assets (continued)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than exploration and evaluation assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an

3. Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets (continued)

operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) 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 that the employees unconditionally become entitled to the options. The amount recognised as an expense is adjusted to reflect the number of share options that vest, except for those that fail to vest due to market conditions not being met.

3. Significant accounting policies (continued)

(g) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

Share-based payment arrangement in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the group.

Shares issued to employees, including shares funded by a limited recourse interest free loan, are accounted for as an option and the fair value of the options are calculated at the date the shares are issued.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(i) Revenue

(i) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

The Group is involved in managing the exploration operations of SLW Queensland Pty Ltd, as well as performing related services.

(j) Lease payments

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Other leases are operating leases and leased assets are not recognised on the Group's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustments is known.

(k) Finance income and finance costs

Finance income and finance costs comprises interest income on funds invested (including available-for-sale financial assets), gains/losses on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

3. Significant accounting policies (continued)

(l) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 in respect of 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:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- temporary differences related to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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 tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised.

(m) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.
Receivables and payable are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability on the balance sheet.
Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3. Significant accounting policies (continued)

(o) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Group's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investments in Equity and debt securities

The fair value of financial assets at fair value through profit or loss and held-to-maturity investments is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(ii) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Financial risk management

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity, other than deposits with Australian regulated banks.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group managed liquidity risk by monitoring forecast cash flows and ensuring that adequate cash in operating accounts is maintained. The Group has access to a $30,000 credit card facility (2010: $30,000) at 30 June 2011 the undrawn amount is $30,000 (2010: $25,000).

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Board monitors interest rates and equity prices and regularly reviews cashflow requirements.

The Group has no exposure to currency fluctuations and considers its exposure to interest rates and equity prices is minimal.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operation. There were no changes in the Group's approach to capital management during the year.

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

6. Operating segments

The Group's only operation is exploration of minerals in Queensland, Australia. The Group's Board reviews the internal financial statements on a monthly basis which are prepared on the same basis as these financial statements.

The Group's operations are all based in one geographic segment, being Queensland, Australia and the Group's operations are in the exploration phase so it has no products or services nor any major customers.

7. Acquisitions of subsidiary and non-controlling interests

Acquisition of subsidiary

On 19 October 2009 the Group formed a company, Aussie NQ Resources Pty Ltd, (ACN 140 072 680). Aussie Q Resources Limited holds all 100 of the issued ordinary shares in Aussie NQ Resources Pty Ltd, for $100 in cash. This company has been set up for the exploration for gold, copper and other minerals in the North Queensland region. The subsidiary was dormant at year-end.

7. Acquisitions of subsidiary and non-controlling interests (continued)

Acquisition of subsidiary (continued)

On 13 December 2010 the Group formed a company, SLW Queensland Pty Ltd, (ACN 147 824 815). Aussie Q Resources Limited held all 200 of the issued ordinary shares in SLW Queensland Pty Ltd, for $40 in cash. On 15 February 2011 130 of the issued ordinary shares in SLW Queensland Pty Ltd were sold. As at 30 June 2011 Aussie Q Resources limited held 70 of the issued ordinary shares in SLW Queensland Pty Ltd.

8. Revenue

in thousands of AUD	2011	2010
Service fees	6	-
	6	-

9. Other income

in thousands of AUD	2011	2010
Net gain (loss) on sale of property, plant and equipment	-	2
Net gain (loss) on disposal of subsidiary	14	-
	14	2

10. Other expenses

in thousands of AUD		2011	2010
Employee benefits expense		(654)	(542)
Share based payments		(890)	-
Impairment loss on exploration and evaluation assets	*14*	(2,978)	-
		(4,522)	(542)

11. Finance income and finance costs

Recognised in profit or loss

in thousands of AUD	2011	2010
Interest income from bank deposits	155	117
Net change in fair value of financial assets at fair value through profit or loss	36	54
Finance income	191	171
Finance costs	-	-
Net finance costs recognised in profit or loss	191	171

The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:

	2011	2010
Total interest income on financial assets	155	117
Total interest expense on financial liabilities	-	-

12. Income tax expense

in thousands of AUD	2011	2010
Income tax recognised in profit or loss		
Current tax expense		
Current year	-	-
Deferred tax expense	-	-
Total income tax expense	-	-

Reconciliation of effective tax rate

in thousands of AUD	2011	2010
Loss for the period	(5,231)	(969)
Total income tax expense	-	-
Loss excluding income tax	(5,231)	(969)
Income tax using the Company's domestic tax rate of 30 percent (2010: 30 percent)	(1,569)	(291)
Non-deductible expenses	267	-
Current year losses for which no deferred tax asset was recognised	1,302	291
	-	-

13. Property, plant and equipment

in thousands of AUD	Computer Equipment	Mining and Exploration Equipment	Plant and Equipment	Motor Vehicles	Total
Cost					
Balance at 1 July 2009	33	139	5	89	266
Additions	1	32	-	89	122
Disposals	(2)	-	-	(41)	(43)
Balance at 30 June 2010	32	171	5	137	345
Balance at 1 July 2010	32	171	5	137	345
Additions	15	84	-	-	99
Balance at 30 June 2011	47	255	5	137	444
Depreciation and impairment losses					
Balance at 1 July 2009	(19)	(28)	(1)	(19)	(67)
Depreciation for the year	(10)	(20)	-	(14)	(44)
Disposals	1	-	-	15	16
Balance at 30 June 2010	(28)	(48)	(1)	(18)	(95)
Balance at 1 July 2010	(28)	(48)	(1)	(18)	(95)
Depreciation for the year	(10)	(50)	(1)	(27)	(88)
Balance at 30 June 2011	(38)	(98)	(2)	(45)	(183)
Carrying amounts					
at 1 July 2009	14	111	4	70	199
at 30 June 2010	4	123	4	119	250
at 1 July 2010	4	123	4	119	250
at 30 June 2011	9	157	3	92	261

14. Exploration and evaluation assets

in thousands of AUD	Capitalised Exploration Expenditure	Total
Balance at 1 July 2009	12,262	12,262
Additions	2,652	2,652
Balance at 30 June 2010	14,914	14,914
Balance at 1 July 2010	14,914	14,914
Additions	4,080	4,080
Accumulated impairment losses	(2,978)	(2,978)
Balance at 30 June 2011	16,016	16,016

During the year, EPMs 14627, 15919 and 18202 were transferred to SLW Queensland Pty Ltd. No consideration was paid by SLW Queensland Pty Ltd to the Group for the EPMs transferred. The Group tested the exploration and evaluation assets for impairment and recognised an impairment loss of $2,978,000 with respect to exploration and evaluation assets.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of porphyry copper/ molybdenum mineralisation. $4,219,000 (2010: $2,429,000) of the capitalised costs have been included in cash flows from investing activities in the cash flow statement.

15. Investments in equity-accounted investees

The Group's share of loss in its equity accounted investees for the year was $26 thousand (2010: $0 thousand). The Group has not recognised losses relation to SLW Queensland Pty Ltd, totalling $26 thousand in 2011, since the Group has no obligation in respect of these losses.

None of the Group's equity-accounted investees are publicly listed entities and consequentially do not have published price quotations.

The Group has 35 percent ownership and the voting rights of SLW Queensland Pty Ltd.

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

in thousands of AUD	Reporting date	Ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Income	Expenses	Profit/ (loss)
2011											
SLW Queensland Pty Ltd (associate)	30 June	35%	1,953	67	2,020	34	2,076	2,110	41	131	(90)
			1,953	67	2,020	34	2,076	2,110	41	131	(90)

During the year the Group, incorporated SLW Queensland Pty Ltd, a wholly owned subsidiary. On 15 February 2011 the Group sold 65% of the issued ordinary shares of SLW Queensland Pty Ltd. The Group provides exploration management services to the investee (see note 30).

16. Other investments

in thousands of AUD	2011	2010
Non-current investments		
Financial assets designated at fair value through profit or loss - listed shares	124	89
	124	89
Current investments		
Held-to-maturity investments	36	35
	36	35

Held-to-maturity investments have an interest rate of 6.0% (2010: 5.8%) and mature in 6 months.

The Group's exposure to credit and interest rate risks related to other investments is disclosed in note 27.

Sensitivity analysis - equity price risk

All of the Group's equity investments are listed on either the Australian Securities Exchange. For such investments classified at fair value through profit and loss, a 5 percent increase in the price of the stock held at the reporting date would have increased or decreased profit or loss by $6,000 after tax (2010: $4,000). The analysis is performed on the same basis for 2010 and assumes that all other variables remain the same.

17. Deferred tax assets and liabilities

Unrecognised deferred tax assets

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

in thousands of AUD	2011	2010
Deductible temporary differences	94	143
Tax losses	3,414	1,251
	3,508	1,394

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 Group can utilise the benefits there from.

18. Trade and other receivables

in thousands of AUD	2011	2010
Other receivables	26	19
GST receivable	58	177
	84	196

19a. Cash and cash equivalents

in thousands of AUD	2011	2010
Bank balances	3,336	2,156
Cash and cash equivalents in the statement of cash flows	3,336	2,156

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 27.

19b. Reconciliation of cash flows from operating activities

in thousands of AUD	*Note*	2011	2010
Cash flows from operating activities			
Profit (loss) for the period		(5,231)	(969)
Adjustments for:			
Depreciation	13	88	44
Impairment of exploration and evaluation assets	14	2,978	-
Change in fair value of investment through profit and loss	16	(35)	(54)
Gain on sale of property, plant and equipment	9	-	(2)
Equity-settled share-based payment transactions	24	890	-
		(1,310)	(981)
Change in borrowings	22	(6)	6
Change in trade and other receivables	18	112	(155)
Change in prepayments		(5)	-
Change in trade and other payables	26	(114)	231
Change in trade and other payables for exploration		141	(224)
Change in provisions and employee benefits	23	17	19
Change in interest bearing investments	16	(1)	(2)
Cash generated from operating activities		(1,166)	(1,106)
Net cash from operating activities		(1,166)	(1,106)

20. Capital and reserves

Share capital

	Ordinary shares	
In thousands of shares	2011	2010
On issue at 1 July	128,823	120,167
Issued for cash	13,310	6,667
Issued for services	2,200	-
Issued for placement fees	479	200
Exercise of share options	210	1,789
On issue at 30 June	145,022	128,823

Issuance of ordinary shares

In November 2010 the general meeting of shareholders decided on the issuance of 6,250,000 ordinary shares at an issue price of $0.48 per share. All issued shares are fully paid.

Furthermore, in November 2010 the general meeting of shareholders decided on the issuance of 2,000,000 ordinary shares at an issue price of $0.50 per share to Charles Carnie and 200,000 ordinary shares at an issue price of $0.50 per share to another manager.

Additionally, 210,000 ordinary shares were issued as a result of the exercise of vested options arising from the 2007 share option programme. Options were exercised at an average price of $0.20 per option. All issued shares are fully paid.

Furthermore, 7,060,685 ordinary shares were issued at an issue price of $0.45 per share, as a result of the share placement and share purchase plan announced on 26 November 2010.

Lastly, 479,166 ordinary shares were issued as consideration for capital raising placement fees, totalling $225,000. In addition to these costs, $113,000 of capital raising placement fees were incurred during the period, and paid in cash.

20. Capital and reserves (continued)

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Equity compensation reserve

The equity compensation reserve records the fair value of options issued (refer to note 24).

21. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2011 was based on the loss attributable to ordinary shareholders of $5,231,000 (2010: $969,000) and a weighted average number of ordinary shares outstanding of 140,889,000 (2010: 123,227,000), calculated as follows:

Loss attributable to ordinary shareholders

in thousands of AUD	2011	2010
Loss for the period	(5,231)	(969)
Loss attributable to ordinary shareholders	(5,231)	(969)

Weighted average number of ordinary shares

in thousands of shares	*Note*	2011	2010
Issued ordinary shares at 1 July	*20*	128,823	120,167
Effect of share options exercised		178	732
Effect of shares issued in February 2010		-	2,197
Effect of shares issued in March 2010		-	131
Effect of shares issued in November 2010		11,888	-
Weighted average number of ordinary shares at 30 June		140,889	123,227

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2011 was based on the loss attributable to ordinary shareholders of $5,231,000 (2010: $969,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 140,889,000 (2010: 123,227,000), calculated as follows:

Loss attributable to ordinary shareholders (diluted)

in thousands of AUD	2011	2010
Loss attributable to ordinary shareholders (basic)	(5,231)	(969)
Loss attributable to ordinary shareholders (diluted)	(5,231)	(969)

21. Earnings per share (continued)

Weighted average number of ordinary shares (diluted)

in thousands of shares	**2011**	**2010**
Weighted average number of ordinary shares (basic)	140,889	123,227
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at 30 June	140,889	123,227

At 30 June 2011 2,250,000 options (2010: 2,460,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

22. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 27.

in thousands of AUD	**2011**	**2010**
Current liabilities		
Current portion of secured credit card facility	-	6
	-	6

23. Employee benefits

in thousands of AUD	**2011**	**2010**
Salaries and wages accrued	16	13
Liability for annual leave	34	20
Total employee benefits - current	50	33

24. Share-based payments

Description of the share-based payment arrangements

On 5 August 2008, 600,000 share options were granted to employees for ordinary shares at an exercise price of 20 cents each. The options are able to be exercised 1 year after grant date and expire on 31 January 2012. The options hold no voting or dividend rights and are not transferable. At balance date, 100,000 share options had been forfeited because the employee ceased employment and 250,000 share options had been exercised.

On 9 March 2009, 2,000,000 share options were granted for the provision of consultancy services for ordinary shares at an exercise price of 10 cents each. The options are able to be exercised at grant date and expire on 31 December 2011. The options hold no voting or dividend rights and are transferable upon director approval. At balance date, no share options had been exercised.

On 5 August 2010, 312,500 ordinary shares were granted at a fair value of 48 cents each, as settlement for share placement fees. The total fair value consideration for the placement fees was $150,000. The fair value was determined with reference to the market value of Aussie Q Resources Limited shares as at 5 August 2010.

On 8 September 2010 2,000,000 ordinary shares were issued at an issue price of $0.50 per share to Charles Carnie and 200,000 ordinary shares at an issue price of $0.50 per share to another manager. The acquisition of the ordinary shares was funded by loans from the Company, with recourse on these loans being limited to the shares issued. The loans are interest free and repayable within 3 years. Charles Carnie resigned 29 July 2011 and as a result the loan issued to Charles became due and payable. In

24. Share-based payments (continued)

Description of the share-based payment arrangements (continued)

accordance with AASB 2 the loan provided to Charles Carnie and the manager have been treated as an option.

$560,000 was received as settlement of the loan. The fair value of the repayment was determined with reference to the market value of Aussie Q Resources Limited shares as at the date of payment being 14 June 2011. The shares issued to Charles and another manager are required to be valued as an option in accordance with the accounting policies.

On 10 January 2011 166,666 ordinary shares were granted at a fair value of 45 cents each, as settlement for share placement fees. The total fair value consideration for the placement fees was $75,000. The fair value was determined with reference to the market value of Aussie Q Resources Limited shares as at 10 January 2011.

Disclosure of share option programme

The number and weighted average exercise prices of share options, excluding shares issued which are valued as options, are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
in thousands of AUD	**2011**	**2011**	**2010**	**2010**
Outstanding at 1 July	0.12	2,460,000	0.29	32,500,000
Exercised during the year	0.20	(210,000)	0.30	(1,789,260)
Expired during the year		-	0.30	(28,250,740)
Outstanding at 30 June	0.11	2,250,000	0.12	2,460,000
Exercisable at 30 June	0.11	2,250,000	0.12	2,460,000

The options outstanding at 30 June 2011 have an exercise price in the range of $0.10 to $0.20 and a weighted average contractual life of one hundred and eighty-seven days (2010: five hundred and fifty-five days).

The weighted average share price at the date of exercise for share options exercised in 2011 was $0.20 (2010: $0.30).

Inputs for measurement of grant date fair values

The fair value of employee share options granted to Charles Carnie and another manager for the year ended 30 June 2011 was $890,000 (2010: no options granted). The fair value of supplier share options granted for the year ended 30 June 2011 was $0 (2010: no options granted). There were no share options granted during the year ended 30 June 2010.

The grant date fair value of the services received in return for share options granted during the year ended 30 June 2011 was based on the fair value of options granted. The price is calculated by using the Black-Scholes option pricing model applying the following inputs:

24. Share-based payments (continued)

Inputs for measurement of grant date fair values (continued)

	Employee Options 2011
Fair value at grant date	
Share price at grant date	
Exercise price	50 Cents
Expected volatility (weighted average volatility)	120%
Wighted average life of the option	3 years
Underlying share price	55 Cents
Expected share price volatility	120%
Risk free interest rate	5%
Value per option	$ 0.405

The expected share price volatility of 120% has been calculated based on Aussie Q Resource Limited's historical share price performance.

25. Provisions

In thousands of AUD	Site restoration	Total
Balance at 1 July 2010	50	50
Provisions made during the year	-	-
Provisions reversed during the year	-	-
Balance at 30 June 2011	50	50
Non-current	-	-
Current	50	50
	50	50

Site restoration

A provision of $50,000 was made in respect of the Group's obligation to rectify environmental damage. The required work is completed throughout the year on an ongoing basis. There has been no change to the provision in the current year.

26. Trade and other payables

In thousands of AUD	Note	2011	2010
Trade payables due to related parties	*30*	8	4
Other trade payables		91	247
Accrued expenses and non-trade payables		93	55
		192	306

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 27.

27. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
In thousands of AUD	**Note**	**2011**	**2010**
Financial assets designated at fair value through profit or loss	*16*	124	89
Interest bearing investments	*16*	36	35
Trade and other receivables	*18*	84	196
Cash and cash equivalents	*19a*	3,336	2,156
		3,580	2,476

Impairment losses

The aging of the Group's loans and receivables at the reporting date was:

	Gross	Gross
In thousands of AUD	**2011**	**2010**
Not past due	63	196
Past due 0-30 days	-	-
Past due 31-120 days	4	-
More than one year	17	-
	84	196

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analyses of the underlying customers' credit ratings.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Interest Rate	Carrying Amount	Interest Rate	Carrying Amount
In thousands of AUD	**2011**	**2011**	**2010**	**2010**
Variable rate instruments				
Financial assets	4.40%	3,336	4.51%	2,156
Held-to-maturity investments	6.00%	36	5.80%	35
Financial liabilities	18.84%	-	18.59%	(6)
		3,372		2,185

27. Financial instruments (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2010.

	Profit or loss	
Effect in thousands of AUD	**100bp increase**	**100bp decrease**
30 June 2011		
Variable rate instruments	27	(27)
Cash flow sensitivity (net)	27	(27)
30 June 2010		
Variable rate instruments	27	(27)
Cash flow sensitivity (net)	27	(27)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

In thousands of AUD		30 June 2011		30 June 2010	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets carried at fair value					
Financial assets designated at fair value through profit or loss	*16*	124	124	89	89
		124	124	89	89
Assets carried at amortised cost					
Interest bearing investments	*16*	36	36	35	35
Trade and other receivables	*18*	84	84	196	196
Cash and cash equivalents	*19a*	3,336	3,336	2,156	2,156
		3,456	3,456	2,387	2,387
Liabilities carried at amortised cost					
Secured bank loans	*22*	-	-	(6)	(6)
Trade and other payables	*26*	(192)	(192)	(306)	(306)
		(192)	(192)	(312)	(312)
		3,388	3,388	2,164	2,164

The basis for determining fair values is disclosed in note 4.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

27. Financial instruments (continued)

Fair value hierarchy (continued)

In thousands of AUD	Level 1	Level 2	Level 3
30 June 2011			
Financial assets designated at fair value through profit and loss	124	-	-
	124	-	-
30 June 2010			
Financial assets designated at fair value through profit and loss	89	-	-
	89	-	-

There have been no transfers from Level 2 to Level 1 during the year ended 30 June 2011 (2010: no transfers in either direction).

28. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of AUD	2011	2010
Less than one year	4	4
Between one and five years	-	-
More than five years	-	-
	4	4

The Group leases two premises under operating leases. The leases currently run on a month to month basis. The leases were entered into on 14 February 2010 and 1 February 2010 respectively. The total rental payments are $4,225 per month.

One of the premises was previously sublet by the Group. The sublease agreement expired 30 April 2011.

To determine the operating lease classification, the Group 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.

29. Commitments and contingencies

In thousands of AUD	2011	2010
Exploration commitments		
EPM security contracts		
Commitments under non-mining tenements with the Queensland government:		
Within one year	1,301	706
One year later and no later than five years	1,983	953
Later than five years	-	-
	3,284	1,659

30. Related parties

Key management personnel compensation

The key management personnel compensation comprised:

In AUD	2011	2010
Short-term employee benefits	428,333	131,065
Consulting fees	350,065	423,397
Other long term benefits	-	-
Post-employment benefits	61,300	79,950
Termination benefits	-	-
Share-based payments	809,200	-
	1,648,898	634,412

The compensation disclosed above represents an allocation of the key management personnel's estimated compensation form the Group in relation to their services rendered to the Group.

Individual directors and executives compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

Key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

			Transaction value year ended 30 June		Balance outstanding as at 30 June	
In AUD		*Note*	2011	2010	2011	2010
Key management person						
Thomas Mann	Reimbursements	(i)	3,171	-	-	-
John Goody	Reimbursements	(i)	27,393	16,555	-	-
Edgar Newman	Reimbursements	(i)	451	-	-	-
Charles Carnie	Reimbursements	(i)	28,666	-	-	-
Charles Carnie	Relocation costs and rent	(ii)	50,894	-	-	-
Other related parties						
Richard Haren - Flatoak Pty Ltd	Reimbursements	(i)	1,741	-	1,650	-
Total and current liabilities					1,650	-

(i) The Group reimbursed John Goody, Edgar Newman, Thomas Mann, Charles Carnie and Flatoak Pty Ltd for business related expenditure. The amounts were paid as per third party receipts.

(ii) The Group reimbursed Charles Carnie for costs associated with his relocation to Queensland, including transportation of personal effects, temporary accommodation costs and rental of Charles' previous residence.

30. Related parties (continued)

Loans to key management personnel

Charles Carnie was issued 2,000,000 ordinary fully paid shares at a subscription price of 50 cents per share which was funded by a limited recourse, interest free, 3 year loan from the Company, secured against these shares. The fair value of the loan issued to Charles Carnie during the year amounted to $809,200. Charles Carnie resigned 29 July 2011 and as a result the loan issued to Charles became due and payable. $560,000 was received as settlement of the loan. The fair value of the repayment was determined with reference to the market value of Aussie Q Resources Limited shares as at the date of payment being 14 June 2011.

Options and rights over equity instruments

There was no movement during the reporting period in the number of options over ordinary shares in Aussie Q Resources Limited held, directly, indirectly or beneficially, by each key management person, including their related parties. For the year ended 30 June 2010 the movements were as follows:

	Held at 1 July 2009	Granted as compensation	Exercised	Other changes	Held at 30 June 2010	Vested during the year	Vested and exercisable at 30 June 2010
Directors							
Thomas Mann	3,000,000	-	-	(3,000,000)	-	-	-
John Goody	18,000,000	-	-	(18,000,000)	-	-	-
Richard Haren	4,000,000	-	-	(4,000,000)	-	-	-
Edgar Newman	-	-	-	-	-	-	-
Sydney Griff (Appointed 17 May 2010)	-	-	-	-	-	-	-

* Other changes represent options that expired or were forfeited during the year.

No options held by key management personnel are vested but not exercisable at 30 June 2010 or 2011.

30. Related parties (continued)

Movements in shares

The movement during the reporting period in the number of ordinary shares in Aussie Q Resources Limited held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

		Held at 1 July 2010	Purchases	Received on exercise of options	Sales	Held at 30 June 2011
Directors						
Thomas Mann		5,000,000	33,334	-	-	5,033,334
John Goody		32,340,000	11,112	-	-	32,351,112
Richard Haren		2,100,000	-	-	-	2,100,000
Edgar Newman		-	-	-	-	-
Sydney Griff		11,210,400	33,334	-	-	11,243,734
Executives						
Charles Carnie (Appointed 1 August 2010)	(i)	-	2,000,000	-	2,000,000	-

		Held at 1 July 2009	Purchases	Received on exercise of options	Sales	Held at 30 June 2010
Directors						
Thomas Mann (Appointed 28 June 2010)	(ii)	5,000,000	700,000	-	700,000	5,000,000
John Goody		36,340,000	1,000,000	-	5,000,000	32,340,000
Richard Haren		3,000,000	-	-	900,000	2,100,000
Sydney Griff (Appointed 17 May 2010)	(iii)	210,400	11,520,400	-	520,400	11,210,400

(i) Charles Carnie was issued 2,000,000 ordinary fully paid shares at a subscription price of 50 cents per share which was funded by a limited recourse, interest free, 3 year loan from the Company, secured against these shares. Charles Carnie resigned on 29 July, 2011 as a result the shares were sold and the loan repaid.

(ii) Thomas Mann received 200,000 shares as placement fees prior to his appointment as a director. All other sales and purchases of shares were also prior to his appointment.

(iii) All sales and purchases of shares were prior to the appointment of Sydney Griff as a director.

No shares were granted to key management personnel during the reporting period as compensation in 2010.

Associates

	Transaction value year ended 30 June		Balance outstanding as at 30 June	
In AUD	2011	2010	2011	2010
Associate - sale of services	6	-	5	-

31. Group entities

	Note	Country of incorporation	Ownership interest 2011	Ownership interest 2010
Parent entity:				
Aussie Q Resources Limited				
Significant subsidiaries:				
Aussie NQ Resources Pty Ltd	7	Australia	100	100

32. Subsequent events

Charles Carnie resigned as Chief Executive Officer on 31 May 2011, his last day of employment was 29 July 2011.

33. Auditors' remuneration

In AUD	2011	2010
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of financial reports	50,221	38,100
	50,221	38,100

34. Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2011 the parent entity of the Group was Aussie Q Resources Limited.

	Company	
In thousands of AUD	**2011**	**2010**
Result of parent entity		
Loss for the year	(5,230)	(968)
Other comprehensive income	-	-
Total comprehensive income for the year	(5,230)	(968)
Financial position of parent entity at year end		
Current assets	3,494	2,424
Total assets	19,926	17,703
Current liabilities	292	395
Total liabilities	292	395
Net Assets	19,634	17,308
Total equity of parent entity comprising of:		
Share capital	27,271	19,796
Equity compensation reserve	92	1,519
Accumulated losses	(7,729)	(4,007)
Total equity	19,634	17,308

Directors' declaration

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

(a) the consolidated financial statements and notes that are set out on pages 13 to 44 and the Remuneration report set out on pages 7 to 10, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2011.

3 The directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Monto 30th day of September 2011.

John Goody
Director

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 consolidated statement of financial position as at 30 June 2011, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view 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.

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, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Aussie Q Resources Limited for the year ended 30 June 2011, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

Stephen Board
Partner

Brisbane

30 September 2011

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 year ended 30 June 2011 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.

KPMG

KPMG

Stephen Board
Partner

Brisbane

30 September 2011