

Aussie Q Resources Limited
31 December 2011
Interim Financial Report

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Aussie Q Resources Limited

31 December 2011 Interim Financial Report

Directors' report

The directors of Aussie Q Resources Limited (the "Company") present their report together with the consolidated financial report for the six months ended 31 December 2011 and the review report thereon.

Directors

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

Name	Period of directorship
Non-executive	
Mr Thomas Joseph Mann Chairperson Non-executive director	Appointed 28 June 2010 Re-elected at AGM 18 November 2010
Dr Richard Haren Non-Executive Director	Appointed 28 September 2006 Resigned as CEO 31 December 2008 Non-Executive Director from 31 December 2008 Re-elected at AGM 24 November 2011
Mr Edgar George Newman Non-Executive Director	Appointed 31 December 2008 Re-elected at AGM 24 November 2011
Mr Sydney Leslie Griff Non-Executive Director	Appointed 17 May 2010 Re-elected at AGM 18 November 2010
Executive	
Mr John Leslie Goody Executive Director Director of Exploration	Appointed 28 September 2006 Re-elected AGM 18 November 2010
Chief Executive Officer	
Mr Charles Carnie	Appointed 1 August 2010 Resigned 29 July 2011

Review of operations

Exploration

During the six months to December 31, 2011 the Company has been actively drilling, collecting soil and stream sediment samples, acquiring magnetic geophysical surveys and Induced Polarisation (IP) surveys on its Permits near Monto in Queensland. In addition the Company has been undertaking metallurgical test work on the mineralisation at Greater Whitewash which has showed excellent recoveries at the rougher flotation stage of processing for molybdenum, copper and silver, the three major economic minerals in the polymetallic mineralisation at Greater Whitewash.

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Directors' report (continued)

Review of operations (continued)

Exploration (continued)

- The Company drilled a total of 3,182 metres of RC drilling over the six month period.
- Holes were drilled at Kiwi Carpet and Whitewash Hill where it was suspected (and now confirmed) that shallow higher grade mineralisation may have been intersected.
- Stream sediment and soil samples were collected at Kiwi Carpet and Whitewash. As well soil and stream samples were collected at Kildare and Oakey Creek on the Permits which have been joint ventured to SLW Queensland Pty Ltd (SLWQ).
- Ground magnetic and IP surveys were carried out at Kildare and Oakey Creek by SLWQ in the region where extensive geochemical sampling produced anomalous readings.

The Company has two drill rigs onsite at present (March 2012) one is drilling deep diamond tails into interesting mineralisation at John Hill to the north of Greater Whitewash, while the other rig is drilling RC holes for SLWQ at Kildare.

John Hill has the potential to be a most interesting discovery as the core now at hand shows genuine stockwork porphyry veins from numerous mineralising events. Assay results from John Hill are expected over the next few months.

The Company's exploration activities during the half year have been reported in detail to the Australian Securities Exchange pursuant to the Company's continuous disclosure obligations.

Corporate

On 21 December 2011 the Company announced the appointment of Mr Hamish Collins as Managing Director effective 28 March 2012.

Mr Collins has extensive experience in the resources and finance industries, including experience with numerous high level debt/equity financings and acquisition deals in the resource industry.

Financial Position

The net assets of the Group at 31 December 2011 were \$18,686,000 including cash of \$2,029,000. The Company would like to increase its current exploration operations and is therefore in discussions with other parties regarding joint ventures and/or placements. The Directors have prepared cash flow projections for the coming 12 months which include the Group raising additional cash funding (refer Note 3(a)).

Aussie Q Resources Limited

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Directors' report (continued)

Review of operations (continued)

Significant Changes in State of Affairs

Other than the matters noted above there have been no other significant changes in the state of affairs.

After Balance Date Events

In the interval between the end of the half year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Future Developments, Prospects and Business Strategies

Directors are in discussions with interested parties in China, Korea and Japan seeking expressions of interest to participate in or joint venture the Greater Whitewash project. The Company has strong expectations regarding the imminent entry of Hamish Collins as CEO and MD to progress these negotiations. The AQR geological team is actively exploring extensions to Greater Whitewash and other regions of interest on the Rawbelle Permits.

Environmental Issues

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

The exploration undertaken at Rawbelle to date has not created 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.

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Directors' report (continued)

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for the six months ended 31 December 2011.

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 condensed consolidated interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



John Goody
Executive Director
Dated at Bundall this 7th day of March 2012.

The information in this report that relates to exploration results and mineral resources is based on information compiled by John Leslie Goody, Executive Director of Exploration, Aussie Q Resources Limited and supervised by Dr. Richard Haren who is a Member of The Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the style of mineralization 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.

Aussie Q Resources Limited

Condensed consolidated interim statement of financial position

As at 31 December 2011

In thousands of AUD

	<i>Note</i>	31 Dec 2011	30 Jun 2011
Assets			
Cash and cash equivalents		2,029	3,336
Trade and other receivables		124	84
Other investments		38	36
Prepayments		17	38
Total current assets		2,208	3,494
Other investments		78	124
Investments in equity accounted investees		-	-
Property, plant and equipment	7	229	261
Other assets		29	29
Exploration and evaluation assets	12	16,325	16,016
Total non-current assets		16,661	16,430
Total assets		18,869	19,924
Liabilities			
Trade and other payables		89	192
Employee benefits		44	50
Provisions		50	50
Total current liabilities		183	292
Total non-current liabilities		-	-
Total liabilities		183	292
Net assets		18,686	19,632
Equity			
Share capital	8	27,475	27,271
Reserves		88	92
Accumulated losses		(8,877)	(7,731)
Total equity attributable to owners of the Company		18,686	19,632
Total equity		18,686	19,632

The condensed notes on pages 10 to 12 are an integral part of these condensed consolidated interim financial statements.

Aussie Q Resources Limited

Condensed consolidated interim statement of comprehensive income

For the six months ended 31 December 2011

<i>In thousands of AUD</i>	Note	31 Dec 2011	31 Dec 2010
Revenue		63	-
Administrative expenses		(455)	(425)
Impairment loss		(497)	-
Other expenses		(281)	(1,298)
Results from operating activities		(1,170)	(1,723)
Finance income		71	118
Finance costs		(47)	-
Net finance income		24	118
Share of profit of equity accounted investees (net of tax)		-	-
Loss before income tax		(1,146)	(1,605)
Income tax expense	6	-	-
Loss for the period		(1,146)	(1,605)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(1,146)	(1,605)
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)	9	(0.79) cents	(1.17) cents
Diluted earnings/(loss) per share (cents per share)		(0.79) cents	(1.17) cents

The condensed notes on pages 10 to 12 are an integral part of these condensed consolidated interim financial statements.

Aussie Q Resources Limited

Condensed consolidated interim statement of changes in equity

For the six months ended 31 December 2011

	<i>Note</i>	Share capital	Equity Compensation Reserve	Retained earnings	Total equity
<i>in thousands of AUD</i>					
Balance at 1 July 2010		19,796	16	(2,505)	17,307
Total comprehensive income for the period					
Loss for the period		-	-	(1,605)	(1,605)
Total comprehensive income for the period		-	-	(1,605)	(1,605)
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares		6,177	-	-	6,177
Capital raising costs		(253)	-	-	(253)
Share-based payment transactions	10	150	890	-	1,040
Share options exercised		42	(5)	5	42
Total transactions with owners of the Company		6,116	885	5	7,006
Balance at 31 December 2010		25,912	901	(4,105)	22,708
Balance at 1 July 2011		27,271	92	(7,731)	19,632
Total comprehensive income for the period					
Loss for the period		-	-	(1,146)	(1,146)
Total comprehensive income for the period		-	-	(1,146)	(1,146)
Transactions with owners of the Company, recognised directly in equity					
<i>Contributions by and distributions to owners of the Company</i>					
Share options exercised	8	204	(4)	-	200
Total contributions by and distributions to owners of the Company		204	(4)	-	200
Balance at 31 December 2011		27,475	88	(8,877)	18,686

The condensed notes on pages 10 to 12 are an integral part of these condensed consolidated interim financial statements.

Aussie Q Resources Limited

Condensed consolidated interim statement of cash flows

For the six months ended 31 December 2011

In thousands of AUD

	<i>Note</i>	31 Dec 2011	31 Dec 2010
Cash flows from operating activities			
Cash receipts from service fees		40	-
Cash paid to suppliers and employees		(781)	(785)
Cash used in operations		(741)	(785)
Interest received		71	58
Net cash from (used in) operating activities		(670)	(727)
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(4)	(98)
Payments for exploration activities		(831)	(3,351)
Acquisition of other investments		(2)	(1)
Net cash from (used in) investing activities		(837)	(3,450)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	6,219
Proceeds from the exercise of share options	8	200	-
Proceeds from borrowings		-	200
Payment of transaction costs related to issue of share capital		-	(3)
Net cash from (used in) financing activities		200	6,416
Net increase (decrease) in cash and cash equivalents		(1,307)	2,239
Cash and cash equivalents at 1 July		3,336	2,156
Cash and cash equivalents at 31 December		2,029	4,395

The condensed notes on pages 10 to 12 are an integral part of these consolidated interim financial statements.

Aussie Q Resources Limited

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Notes to the condensed consolidated interim financial statements

1. Reporting entity

Aussie Q Resources Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2011 comprises the Company and its subsidiaries (together referred to as the "Group") 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.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2011 is available upon request from the Company's registered office at Level 1, 27-29 Crombie Avenue Bundall Qld 4217 or at <http://www.aussieqresources.com.au>.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2011.

This condensed consolidated interim financial report was approved by the Board of Directors on 7 March 2012.

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

Estimates

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

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2011.

During the half year ended 31 December 2011 management reassessed its estimates in respect of:

- Note 3 – Going concern
- Note 12 – Exploration and evaluation expenditure

3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2011.

Aussie Q Resources Limited

31 December 2011 Interim Financial Report

Notes to the condensed consolidated interim financial statements

3. Significant accounting policies (continued)

(a) Going concern

The condensed interim 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 interim period ended 31 December 2011, the Group incurred a net loss before tax of \$1,146,000 and net cash outflow from operations and investing activities was \$1,507,000. As at 31 December 2011, the Group had net assets of \$18,686,000 including cash of \$2,029,000.

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 cash funding from shareholders or other parties, or if such funding is not obtained, the Group plans to reduce expenditures.

In the event that the Group does not obtain additional funding and/or reduce expenditure in-line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report.

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2011.

5. Operating segments

The Group forms a single business segment performing exploration activities in one geographical segment, being Queensland.

6. Income tax expense

The Group's consolidated effective tax rate for the six months ended 31 December 2011 was 0 percent (for the year ended 30 June 2011: 0 percent; for the six months ended 31 December 2010: 0 percent).

7. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2011 the Group acquired assets with a cost of \$4 thousand (six months ended 31 December 2010: \$98 thousand).

8. Capital and reserves

Issues of ordinary shares

2,000,000 ordinary shares were issued on 31 December 2011 as a result of the exercise of vested options issued on 9 March 2009 in exchange for the provision of consultancy services. Options were exercised at an average price of \$0.10 per option. All issued shares are fully paid.

Aussie Q Resources Limited

31 December 2011 Interim Financial Report

Notes to the condensed consolidated interim financial statements

9. Loss per share

Basic loss per share has been calculated using:

	31 Dec 2011	31 Dec 2010
Net loss for the period <i>(in thousands of AUD)</i>	(1,146)	(1,605)
Weighted average number of ordinary shares potential shares <i>(in thousands of shares)</i>	145,022	136,907

10. 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. Subsequent to half year end, the remaining 250,000 options expired.

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 were able to be exercised at grant date and expired on 31 December 2011. The options hold no voting or dividend rights and are transferable upon director approval. 2,000,000 share options were exercised during the period (refer Note 8).

11. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2011 annual financial report.

Other related party transactions

<i>In thousands of AUD</i>	Transaction value For the six months ended		Balance outstanding	
	31 Dec 2011	31 Dec 2010	31 Dec 2011	30 June 2011
Sale of services				
Associate	63	-	31	5

All outstanding balances with these related parties are to be settled in cash within 2 months of the reporting date. None of the balances are secured.

12. Impairment of exploration and evaluation assets

During the six months ended 31 December 2011 the Group recognised an impairment loss of \$497,000 relating to exploration and evaluation assets, due to there being no planned substantive expenditure on further exploration and evaluation of mineral resources with respect to two EPM's.

13.

Subsequent event

In the interval between the end of the half year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of

the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Aussie Q Resources Limited

Directors' declaration

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

1. the financial statements and notes set out on pages 6 to 12, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



John Goody
Executive Director

Dated at Bundall this 7th day of March 2012

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

We have reviewed the accompanying interim financial report of Aussie Q Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2011, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes 1 to 13 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 half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Aussie Q Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modification of the above conclusion, we draw attention to Note 3(a) to the interim financial report which indicates that the ability of the Group to continue as a going concern is dependent upon the Group obtaining sufficient additional cash funding or reducing expenditures within 12 months of the date of this report.

Due to the matters set out in Note 3(a), a material uncertainty exists which may cast significant doubt about the Group's ability to continue as a going concern, and therefore whether the Group is able to realise its assets, including exploration and evaluation assets with a carrying value of \$16,325,000, or settle its liabilities, at the amounts recorded in the interim financial report.



KPMG



Adam Twemlow
Partner

Bundall
7 March 2012

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

To: the directors of Aussie Q Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

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

KPMG

KPMG



Adam Twemlow
Partner

Bundall
7 March 2012