



25 May 2009

## LODGEMENT OF PROSPECTUS

Queensland Ores Limited announces that the prospectus for its 1:1 rights issue at 0.9 cents per share announced on 14 May 2009 was lodged with ASIC today. A copy of the prospectus is attached.

Key dates for the offer are as follows:

Rights Issue Announced	Friday 14 May 2009
Ex Date	Monday 1 June 2009
Record Date for determining entitlements under the Issue	Friday 5 June 2009
Offer Opens	Friday 12 June 2009
Offer Expected to Close	Friday 26 June 2009
Trading of New Shares on the ASX expected to commence on deferred basis:	Monday 29 June 2009
Expected Date for Despatch of New Share holding statements:	Thursday 2 July 2009
Trading of New Shares on the ASX expected to commence on normal basis:	Friday 3 July 2009

### For further information:

Taff Greenwood  
Managing Director

Garry Gill  
Company Secretary

Queensland Ores Limited  
Tel: 07 3230 2000

# Prospectus

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Queensland Ores Limited ACN 108 146 694 (**Company**)

A non-renounceable rights issue to existing shareholders of 220,805,122 New Shares at an issue price of 0.9 cents per Share on the basis of one (1) New Share for every Share held to raise up to approximately \$1,980,000 before costs of the Offer.

CLOSING DATE: 5.00pm Brisbane time on Friday 26 June 2009

THIS IS AN IMPORTANT DOCUMENT. IF YOU DO NOT UNDERSTAND IT, OR ARE IN DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

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A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary.

Money as expressed in this Prospectus is in Australian dollars or else as indicated.

## Key Dates for Investors

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## Offer Statistics

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Maximum number of New Shares to be Issued: 220,805,122  
Issue Price: 0.9 cents

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ALL DATES ARE SUBJECT TO CHANGE AND ACCORDINGLY ARE INDICATIVE ONLY. IN PARTICULAR, THE COMPANY HAS THE RIGHT TO VARY THE DATES OF THE OFFER, WITHOUT PRIOR NOTICE. INVESTORS ARE ENCOURAGED TO SUBMIT THEIR ENTITLEMENT AND ACCEPTANCE FORMS AS SOON AS POSSIBLE.

## How to accept entitlement to new shares

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the Internet at [www.qol.com.au](http://www.qol.com.au). If you wish to obtain a free copy of this Prospectus, please contact the Company on (07) 3230 2000.

## Important notice

This Prospectus is dated 25 May 2009 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. Neither the ASIC nor ASX Limited (**ASX**) take any responsibility for the contents of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No offer is made by this Prospectus in any jurisdiction outside of Australia and New Zealand. The distribution of this Prospectus within jurisdictions outside Australia and New Zealand may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

No person named in this Prospectus, nor any other person, guarantees the performance of QOL, the repayment of capital or the payment of a return on the New Shares.

Please read this document carefully before you make a decision to invest. An investment in the Company has specific risks which you should consider before making a decision to invest.

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# Prospectus

## 1. Chairman's letter

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25 May 2009

Dear Shareholder,

On behalf of the Directors I invite you to subscribe for your entitlement to new ordinary fully paid shares (**New Shares** in Queensland Ores Limited (**the Issue**)).

QOL is making a non-renounceable rights issue of 220,805,122 ordinary New Shares at 0.9 cents per share for every ordinary share held, to raise up to approximately \$1,980,000.

The money raised through this Issue will enable the Company to satisfy its impending debt commitments. In particular, the Company has the objective of raising sufficient funds to meet repayment of the loan from Outback Metals Limited (**OUM**) which was obtained by the Company in January 2009 and to meet the on-going operational commitments of the Company whilst a process was undertaken to finalise a takeover of the Company.

Since the Outback Loan was obtained, two parties have sought to takeover the Company – OUM itself, and Metallica Minerals Limited (**MLM**). OUM announced its bid on 18 February 2009 whilst MLM announced its bid on 1 April 2009. The Directors of QOL announced their intention to support the MLM bid on 3 April 2009 and have maintained support for that bid, notwithstanding an improvement in the offer from OUM. The acceptance of the MLM bid by each of the Directors of QOL was announced on 16 April 2009.

However, the presence of the two competing bidders, the low initial acceptance rate of QOL shareholders of the bid by OUM prior to the announcement of the bid by MLM and the recommendation of the QOL Directors to accept the MLM bid have meant that neither OUM nor MLM has yet been able to achieve its desired objectives within the initial acceptance periods. At the date of this prospectus, OUM has closed its offer having obtained a holding of 22.47%, whilst MLM's offer remains open, with MLM having obtained acceptances of 38.48%. On 20 May 2009, MLM declared its offer for QOL unconditional except for prescribed occurrences.

With the time which has now elapsed since this loan was obtained and the need for both OUM and MLM to extend the respective periods for acceptance of their offers, there has been increasing pressure on QOL to meet its on-going financial commitments. It is now imperative for QOL to raise the capital sought under this Issue so that it can meet the pending repayment of the Outback Loan on 29 June 2009 and also have sufficient funds for short term working capital.

MLM has announced that it will provide \$1 million of funding to facilitate the short term needs of QOL (refer to Section 2.8 of this Prospectus for details about the Funding Deed), however, this arrangement is subject to MLM receiving acceptances for 40% of QOL shares before the closing date of its offer. Confirmation of the availability of this funding will therefore not be available until 28 May 2009, which is shortly after the lodgement of this Prospectus and before the despatch of the Prospectus to Shareholders.

If MLM completes its bid and provides the agreed funding, then the money raised by this Issue will still be required to meet the on-going commitments and capital requirements of QOL, including the repayment of the Outback Loan. If MLM does not complete its takeover bid or does not attain 40% acceptances (and accordingly is not required to provide the funding under the Funding Deed), then the successful capital raising under this Prospectus becomes imperative for the continued operation of QOL. If QOL does not receive an adequate take up of entitlements to QOL Shares under this Prospectus and does not generate sufficient capital to meet repayment of the Outback Loan on 29 June 2009, then the Board of QOL will need to review the overall position of the Company in relation to solvency and consider what further action needs to be taken.

The Offer is open from Friday 12 June 2009 and is due to close on Friday 26 June 2009. Please read the Prospectus carefully before deciding whether or not to invest. If there is any matter on which you

# Prospectus

require further information, you should consult your stockbroker, accountant or other professional advisor.

On behalf of the Directors, I commend this investment to you.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Roger Marshall". The signature is written in a cursive style with a large initial "R" and "M".

Roger Marshall OBE

Chairman

# Prospectus

## 2. Investment summary

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The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

### 2.1 The offer

This Prospectus is for the non-renounceable rights issue of approximately 220,805,122 New Shares at an issue price of 0.9 cents, on the basis of one (1) New Share for every Share held by Shareholders as at the Record Date of Friday 5 June 2009 (**Offer**).

The Company intends to apply for listing of the New Shares on the ASX as soon as practicable following their allotment.

### 2.2 Minimum subscription

There is no minimum subscription to the Issue.

### 2.3 New share terms

Each New Share will rank equally with all existing Shares then on issue.

### 2.4 Acceptance of entitlement to new shares

The number of New Shares to which each Shareholder is entitled is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Shareholders who are entitled and may wish to apply for the New Shares.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

### 2.5 Additional shares

Listing Rule 7.9 of the Listing Rules prohibits the issue of new shares by a company within the three (3) month period following an announcement of a takeover bid unless that company meets one of the specified exceptions or has shareholder approval. A pro rata rights issue is an exception to this listing rule.

Shareholders on the Record Date may apply for the New Shares to which they are entitled as shown on the Entitlement and Acceptance Form accompanying this Prospectus. Shareholders may not apply for any New Shares in addition to their Entitlement. In the event that there is a Shortfall in subscriptions under the Issue, the Listing Rules prohibit Directors from allocating any Shortfall.

### 2.6 Purpose of the issue

The Directors intend to apply the proceeds from the Issue to working capital requirements and to satisfy impending debt commitments, including the repayment of the Outback Loan, in the following manner.

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<b>Proposed Use of Funds</b>	<b>\$</b>
Outback Loan (plus interest)	\$618,000
Working capital	(up to ) \$1,324,246
Issue costs	\$45,000
<b>Total</b>	<b>\$1,987,246</b>

However, in the event that circumstances change or other better opportunities arise the Directors' reserve the right to vary the proposed uses to maximise the benefit to Shareholders.

## 2.7 Underwriting

The Issue is not underwritten.

## 2.8 Funding by MLM

The Company has entered into the Funding Deed with Metallica Minerals Limited (**MLM**) to secure the short term funding requirements of the Company.

The terms of the Funding Deed are as follows:

- The funding obligations by MLM are subject to MLM obtaining acceptances of 40% of QOL Shares or waiving the condition and the prescribed conditions of the takeover bid are satisfied or waived;
- If the MLM funding obligations under the Funding Deed come into operation, MLM is obliged to subscribe for its full pro-rata entitlement of New Shares under this Issue;
- If MLM's entitlement to New Shares is less than \$1 million, MLM will provide an unsecured loan for the difference between the New Share entitlement and \$1 million (**Facility**);
- The Facility can be drawn from at any time after the Closing Date and before 31 July 2009 as a single cash advance;
- The Facility is repayable on 31 December 2009 or earlier at QOL's election;
- Interest is payable on the Facility at 6% per annum; and
- QOL is obliged to conduct the Issue under this Prospectus and under the terms as contained in this Prospectus.

Upon MLM proceeding with its takeover bid and issuing its consideration shares to QOL Shareholders, MLM will become entitled to nominate two (2) directors to the QOL Board, including one as chairman, in place of two (2) of the current Directors. The identity of the two (2) surviving directors and the two (2) new directors has not yet been determined.

## 3. Details of the offer

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### 3.1 Offer to shareholders

The Directors of QOL have approved a non-renounceable rights issue of approximately 220,805,122 New Shares at 0.9 cents per New Share to raise approximately \$1,980,000 (before expenses associated with the Issue are paid). Shareholders of QOL are entitled to subscribe for one New Share for every Share held. Only those Shareholders shown on the

# Prospectus

share register at 5.00 pm (Brisbane time) on the Record Date will be entitled to participate in the Issue.

## 3.2 Important dates

<b>QOL shares commence trading on an ex rights basis</b>	Monday 1 June 2009
<b>Record Date for the Offer</b>	Friday 5 June 2009 at 5.00 pm Brisbane time
<b>Opening Date of Offer</b>	Friday 12 June 2009 at 9:00am Brisbane time
<b>Closing Date of Offer</b>	Friday 26 June 2009 at 5:00pm Brisbane time
<b>Expected date for commencement of trading of New Shares on ASX on a deferred basis</b>	Monday 29 June 2009
<b>Expected date of despatch of New Shares holding statements</b>	Thursday 2 July 2009
<b>Expected date for commencement of trading of New Shares on ASX on a normal basis</b>	Friday 3 July 2009

***The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time.***

## 3.3 Additional shares

Shareholders may not apply for Shares in addition to their Entitlement. The Directors will not allocate any Shortfall in the subscriptions under the Issue to any party. Refer to Section 2.5 for further details.

## 3.4 How to accept your entitlement

Shareholders may accept their Entitlement either in whole or in part.

The number of New Shares to which Shareholders are entitled is shown on the Entitlement and Acceptance Form which accompanies this Prospectus.

If Shareholders take no action in respect of their Entitlement they will have no right to subscribe for the New Shares pursuant to this Offer.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out on the Entitlement and Acceptance Form and forwarding the completed Form together with your cheque or bank draft for the full amount payable so as to reach the Share Registry by no later than 5.00pm (Brisbane time) on the Closing Date.

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The Issue Price of 0.9 cents per New Share is payable in full on acceptance of part or all of your Entitlement.

Cheques should be in Australian currency and made payable to "Queensland Ores Limited - Entitlement Offer" and crossed "not negotiable". No brokerage or handling fees are payable by the Applicant for New Shares offered by this Prospectus. Completed Forms and accompanying cheques should be lodged at or forwarded to the following address:

Queensland Ores Limited Entitlement Offer  
c/- Registries Limited  
GPO Box 3993  
Sydney NSW 2001

No brokerage or stamp duty is payable by Applicants in respect of their applications for New Shares under this Prospectus. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by QOL on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place.

### 3.5 Allotment and allocation policy

QOL will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

### 3.6 ASX listing

Within 7 Business Days after the date of issue of the Prospectus, QOL intends to apply for the listing and quotation of the New Shares on the ASX. If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

Should the New Shares not be granted official quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be issued and all acceptance money will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

### 3.7 Investment risks

Investors should carefully read the section on Risk Factors outlined in Section 5. An investment of this kind involves a number of risks, a number of which are specific to QOL and the industry in which it operates.

# Prospectus

## 3.8 **CHESS**

QOL will apply to the ASX for the New Shares to participate in the Securities Clearing House Electronic Subregister System known as CHESS. CHESS is operated by the ASX's Securities Clearing House (**SCH**) in accordance with the ASX Listing Rules and the SCH Business Rules. After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in QOL during a particular month.

## 3.9 **No rights trading**

Entitlements to New Shares pursuant to the Issue are non-renounceable and accordingly will not be traded on the ASX.

## 3.10 **Minimum subscription**

There is no minimum subscription to the Issue.

## 3.11 **Overseas shareholders**

The Company has not made investigations as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which the Company's Shareholders reside.

The distribution of this Prospectus in places outside of Australia may be restricted by law and Foreign Shareholders who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

Refer to Section 7.5 in relation to the manner in which the Company will deal with the entitlement of Foreign Shareholders to New Shares.

## 3.12 **Electronic prospectus**

An electronic version of this Prospectus is available on the Internet at [www.qol.com.au](http://www.qol.com.au).

The Entitlement and Acceptance Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Issue period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus ought to immediately request a paper copy of the Prospectus directly from the Company or a financial adviser.

# Prospectus

## 4. QOL and its operations

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QOL is a resources company which listed on the ASX in May 2005.

Over the last two and a half years the Company's primary focus has been bringing its Wolfram Camp tungsten and molybdenum mine situated 90 kms west of Cairns in Northern Queensland into production. The Company has an 85% interest in the property with Tropical Metals Pty Ltd holding the balance of 15%. Following a two year application period the Wolfram Camp Project was granted its Mining Leases in November 2007 and construction work commenced on site immediately. The treatment plant, designed to treat 150,000 tonnes of ore per annum, was constructed in a period of eight months and all of the necessary services for the site including road access, water, electricity, telecommunications, office and amenities buildings and explosive magazines were constructed during that time. Mining operations commenced with the removal of waste overburden and the stockpiling of ore on the run of mine (ROM) stockpile ready for subsequent processing in the plant. Various earthworks construction projects were undertaken including the clean water drainage diversion system, raising of the existing tailings dam wall and the formation of haul roads.

First production of concentrates was achieved in mid 2008 with the first trial cargo of tungsten concentrate being exported to China in October of that year. Unfortunately however a combination of technical difficulties and a shortage of working capital resulted in the suspension of operations at the mine in November 2008. The mine has been on a care and maintenance basis since that time.

At Mount Cannindah, which is about 100 kms south of Gladstone in Central Queensland, the Company holds nine Mining Leases and two exploration permits for minerals (EPMs) over a country which has good potential for copper, gold and silver. Exploration work has defined a Measured Resource at the previously mined Mount Cannindah Mine and other Inferred Resources have been located in the surrounding area. Geological evidence points to the possibility of a sizeable deposit at depth and further exploratory drilling is called for.

At Bamford Hill, situated some 30 kms south of the Wolfram Camp Mine, the Company is farming in to a prospective EPM in which previous mining activities for tungsten, molybdenum, tin, lead and silver have taken place. Relatively minor exploration work has been undertaken recently due to the Company focussing its efforts on the Wolfram Camp Mine.

Since the suspension of operations at Wolfram Camp the Company has been looking for ways and means to raise funds so that it can be in a position to investigate the Wolfram Camp problems and hopefully return the mine to production. It has not been successful in achieving this in the current economic climate. Instead it has secured a loan facility which has allowed the Company some time to consider offers which have a chance of maximising Queensland Ores' shareholder value under the current circumstances.

For further information regarding Queensland Ores Limited, please refer to the Company's 2008 Annual Report or the recently published half yearly report for the period ending 31 December 2008. These documents can be located on the ASX website at [www.asx.com.au](http://www.asx.com.au) using the Queensland Ores' ASX code 'QOL' and on the QOL website [www.qol.com.au](http://www.qol.com.au).

## 5. Effect of issue on QOL

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### 5.1 Financial position

To illustrate the effect of the issue on QOL, the proforma consolidated balance sheet has been prepared based on 31 December 2008 balance sheet. The balance sheet as provided shows the effect of the Offer as if the Offer under this Prospectus had been made on 31 December 2008. The proforma assumes that the Offer is fully subscribed and that the estimated issue costs of \$45,000 are deducted.

# Prospectus

The accounting policies adopted in preparation of the proforma consolidated balance sheet are consistent with the policies adopted and as described in QOL's financial statements for the year ended 30 June 2008. The financial statements for the six months ended 31 December 2008 were prepared in accordance with the same policies.

	31 December 2008	Share Issue Proceeds	Proforma 31 December 2008
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	835,041	1,942,246	2,777,287
Other current assets	22,776		22,776
<b>TOTAL CURRENT ASSETS</b>	<b>857,817</b>	<b>1,942,246</b>	<b>2,800,063</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets carried forward	3,757,144		3,757,144
Property, plant and equipment	2,725,370		2,725,370
Other current assets	42,679		42,679
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,525,193</b>	<b>-</b>	<b>6,525,193</b>
<b>TOTAL ASSETS</b>	<b>7,383,010</b>	<b>1,942,246</b>	<b>9,325,256</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	333,558		333,558
Short term financial liabilities	17,250		17,250
Provisions	68,622		68,622
<b>TOTAL CURRENT LIABILITIES</b>	<b>419,430</b>	<b>-</b>	<b>419,430</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financial liabilities	8,625		8,625
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8,625</b>	<b>-</b>	<b>8,625</b>
<b>TOTAL LIABILITIES</b>	<b>428,055</b>	<b>-</b>	<b>428,055</b>
<b>NET ASSETS</b>	<b>6,954,955</b>	<b>1,942,246</b>	<b>8,897,201</b>
<b>EQUITY</b>			
Contributed equity	45,787,862	1,942,246	47,730,108
Reserves	133,449		133,449
Retained profits / (losses)	(38,966,356)		(38,966,356)
<b>TOTAL EQUITY</b>	<b>6,954,955</b>	<b>1,942,246</b>	<b>8,897,201</b>

# Prospectus

## 5.2 Capital structure

Assuming full subscription under the Prospectus, the share capital structure of QOL immediately following the Issue assuming the Issue is fully subscribed will be as follows:

	Shares
Ordinary Shares on issue at the date of this Prospectus	220,805,122
Maximum number of New Shares under Prospectus	220,805,122
Total:	441,610,244

As at the date of this Prospectus, the Company has no options on issue.

## 5.3 Equity Control and Position

Prior to the date of this Prospectus, QOL has been the subject of takeover bids from each of OUM and MLM. As at the date of this Prospectus, OUM has closed its bid whilst MLM's bid remains open until 28 May 2009. As at the date of this Prospectus, the holding or relevant interest of each of MLM and OUM was 38.48% and 22.47% respectively.

The extent to which the current Shareholders of the Company, including each of MLM and OUM, elect to accept their entitlement to New Shares under this Offer will have a potential impact upon the equity holding and control of the Company.

The table below outlines the potential maximum effect that several scenarios will have on the equity and control of QOL if only MLM or OUM accept the Offer or if only MLM and OUM accept the Offer.

	Holding as at 25 May 2009*	%	Entitlement under Offer	If only MLM accepts Offer#	%	If only OUM accepts Offer#	%	If both MLM and OUM accept Offer#	%
MLM	84,964,996	38.5%	84,964,996	169,929,992	55.6%	84,964,996	31.4%	169,929,992	47.8%
OUM	49,627,078	22.5%	49,627,078	49,627,078	16.2%	99,254,156	36.7%	99,254,156	27.9%

\* Based upon most recent Form 604 lodged with ASX by MLM and OUM before the date of this Prospectus.

# MLM is obliged to subscribe for its Entitlement under this Prospectus if it receives 40% acceptances from QOL shareholders of its takeover offer and otherwise completes its takeover bid. Refer to Section 2.8 for further details.

The level of equity and control acquired by MLM and OUM under the different scenarios will be reduced to the extent that:

- MLM or OUM do not elect to accept their full entitlement to New Shares; or
- other current shareholders of QOL elect to accept their entitlement to New Shares under this Offer.

If all current shareholders elect to accept their entitlement to New Shares, the percentage interests held by each of MLM and OUM will not change.

# Prospectus

## **6. Risk factors**

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### **6.1 Introduction**

Activities of QOL, as in any business, are subject to risks which may impact on its future performance. QOL has appropriate actions, systems and safeguards for known risks however; some are outside its control. The principal risk factors are described below.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to accept New Shares.

### **6.2 Insufficient Acceptance of Offer**

As stated in Section 2.6, the purpose of this Issue is to raise additional working capital and to satisfy impending debt commitments, including the repayment of the Outback Loan. The capital raised under this Issue is also supported by the funding proposed to be provided by MLM under the Funding Deed.

If MLM receive the required number of acceptances (40% of QOL Shares) before the closing date of their bid (28 May 2009), then the Funding Deed provides that MLM will provide a total of \$1 million to QOL, comprising the amount paid by MLM to accept their entitlement to New Shares under this Issue and the balance made available as an unsecured loan. These arrangements will be sufficient to enable QOL to meet repayment of the Outback Loan on 29 June 2009 and other short term commitments.

In the event that MLM does not obtain its required number of acceptances to the takeover offer, then QOL will not be able to obtain the benefit of the \$1 million available under the Funding Deed. In such an instance, QOL will require a sufficient level of acceptances under this Issue to raise the \$600,000 (plus interest) required to discharge its financial obligations. If QOL does not receive a sufficient level of acceptances to this Issue to meet repayment of the Outback Loan and other immediate commitments, then the Board of QOL will need to consider the position of the Company in relation to its solvency position and action to be taken by the Directors.

### **6.3 Composition of the Board of Directors**

If MLM achieves its required number of acceptances it is entitled to appoint two (2) directors to the Board of QOL. An MLM nominee will be appointed as chairman of the Board and will have a casting vote should there be a deadlock at Board level. It is intended that two (2) of the current members will remain on the Board until the Company's next annual general meeting. Accordingly, the MLM Board nominees, if appointed, will have effective control of the Board.

Whilst the bidder's statement lodged with ASX by MLM indicates that the operations of QOL will continue upon MLM gaining control of the Company, no guarantee can be given by the current Board that those intentions of MLM will be carried out.

### **6.4 General mining risks**

An investment in the New Shares should be considered speculative due to the nature of the mining industry generally. Exploration from minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There can be no assurance that the Company's intended exploration targets will lead to the development of mining operations.

The operations of the Company in developing and commissioning a mine may be affected by a range of factors including the failure to obtain all government approvals (to commence mining), projected grades in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions,

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industrial and environment accidents, industrial disputes, unexpected shortages or increases in the cost of consumables, spare parts, plant and equipment.

## 6.5 **Share price fluctuations**

The market price of the Company's Shares will be subject to varied and often unpredictable influences in the share market. Both domestic and world economic conditions may affect the performance of the Company. Factors such as the level of industrial production, inflation and interest rates impact all commodity prices including minerals.

## 6.6 **Management actions**

The Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

## 6.7 **Government policy**

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in Australia, may have an adverse affect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.

## 6.8 **Native title**

The High Court of Australia has recognised traditional native title rights to the land and the Commonwealth and States have passed legislation relating to native title which provides for native title claims to be made. Native title claims may be a risk in respect of future development and exploration activities of the Company.

## 6.9 **Environmental regulations and risks**

National and local environmental laws and regulations affect nearly all of the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. The Company will minimise the potential impact of these laws and regulations by taking steps to ensure compliance occurs and, where possible, by carrying appropriate insurance.

Significant liability could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties acquired by the Company or non-compliance with environmental laws or regulations.

## 6.10 **Financing**

In order to continue its activities the Company will be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise capital when it is required or that the terms associated with providing such capital will be satisfactory to the Company.

## 6.11 **Insurance arrangements**

The Company intends to maintain insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to obtain such

# Prospectus

insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

## 6.12 General economic conditions

Any prolonged economic slowdown of the Australian economy as well as fluctuations between the Australian dollar and the currency of countries in which the Company may have operations, may have an adverse impact on financial performance.

## 7. Additional information

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### 7.1 Transaction specific prospectus

QOL is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, QOL is obliged to comply with all applicable continuous disclosure and reporting requirements in the ASX Listing Rules.

This Prospectus is issued under Section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before the date of the Prospectus or options to acquire such securities. Apart from formal matters this Prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the New Shares.

Copies of the documents lodged by QOL with ASIC may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

- (a) audited financial statements for the Company for the year ended 30 June 2008;
- (b) half-yearly financial statements for the Company for the period ending 31 December 2008;
- (c) any other financial statements lodged in relation to QOL with ASIC and any continuous disclosure notices given by QOL to ASX, in the period starting immediately after lodgement of the half-yearly financial statements of QOL and ending on the date of lodgement of this Prospectus with ASIC.

The above documents can also be accessed from the Company's website at [www.qol.com.au](http://www.qol.com.au).

The highest and lowest prices of shares in the Company on the ASX in the 6 month period before the date of this Prospectus and the respective dates of those sales were 2.0 cents on 15 May 2009 and 0.5 cents on 19 February 2009.

### 7.2 Rights and liabilities attaching to new shares

The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours. The following is a summary of the principal rights of holders of the New Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

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## *Voting*

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

## *Dividends*

The New Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividend out of profits earned by the Company from time to time. Subject to the rights of holders of shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to Shareholders such interim dividends as in their judgment the position of the Company justifies.

## *Transfer of the Shares*

### *Uncertificated System*

Transfer of Shares may be effected by an instrument of transfer in accordance with any system recognised by the ASX Listing Rules and effected in accordance with the Securities Clearance House Business Rules approved under the Corporations Act or by an instrument of transfer in any usual form or by another form approved by the Directors or recognised by the Corporations Act or the ASX Listing Rules.

### *Certificated System*

Subject to the Constitution and the Corporations Act, a Shareholder's share may be transferred by instrument in writing in any form authorised by the Corporations Act and the ASX Listing Rules or in any other form authorised by the Corporations Act and the ASX Listing Rules or in any other form that the Directors approve. No fee shall be charged by the Company on the transfer of any Shares.

### *Refusal to Register*

The Directors, may, in their absolute discretion, refuse to register any transfer of Share or other securities where permitted to do so by the Corporations Act, the ASX Listing Rules or the SCH Business Rules. The Directors must refuse to register any transfer of Shares or other securities when required to do so by the Corporations Act or the ASX Listing Rules. If the Directors decline to register a transfer, the Company must within 5 business days after the date of lodgement of such transfer give to the lodging party written notice of the refusal and the reasons for it.

## *Winding up*

Upon accepting the Entitlement to New Shares and paying the Acceptance Monies, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

## *Future increases in Capital*

The allotment and issue of any new shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of new shares on such terms and conditions as they see fit.

# Prospectus

## *Variation of Rights*

At present, the Company has only ordinary shares on issue. If the shares of another class were issued, the rights and privileges attaching to ordinary shares could only be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three quarter majority of such holders or the written consent of the holders of at least three quarters of the ordinary shares.

## *General Meeting*

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

For more particular details of the rights attaching to ordinary shares in the Company, investors should refer to the Constitution of the Company.

### **7.3 Directors' interests**

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last 2 years in:

- (a) The formation or promotion of the Company;
- (b) Property acquired or to be acquired by the company in connection with:
  - (1) its formation or promotion; or
  - (2) the Offer; Or
- (c) The Offer

is set out below.

- (a) Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:
  - (1) to induce them to become, or to qualify as, a Director of the Company; or
  - (2) for services provided by a director in connection with:
    - (A) the formation or promotion of the Company; or
    - (B) the Offer.

Set out below are details of the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with the ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the directors may acquire under the Offer.

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Director	Number of Shares	Number of Options
Roger Marshall	866,667*	Nil
Kenneth Dredge	592,427*	Nil
John "Taff" Greenwood	301,667*	Nil
Barry Kelly	141,667*	Nil

- Note 1 - These are the number of Shares held by these directors as at the date of lodgement of the Prospectus subject to the closure of the takeover bid by MLM. As announced on 16 April 2009, each of the Directors has accepted the takeover bid from MLM and will have no Shares in QOL as at the date of closure of this Offer if MLM proceeds with its takeover bid.
- Note 2 - Upon MLM proceeding with its takeover bid and issuing its consideration shares to QOL Shareholders, MLM will become entitled to nominate two (2) directors to the QOL Board, including one as chairman, in place of two (2) of the current Directors. The identity of the two (2) surviving directors and the two (2) new directors has not yet been determined.

## 7.4 Limitation on foreign ownership

The only limitations under Australian law on the rights of non-Australian residents to hold or vote the shares of an Australian company are set forth in the Foreign Acquisitions and Takeovers Act (**the FATA**). The FATA regulates acquisitions giving rise to ownership of substantial amounts of a company's shares. The FATA prohibits:

- any natural person not ordinarily resident in Australia; or
- any corporation in which either a natural person not ordinarily resident in Australia or a foreign corporation (as defined in the FATA) holds a substantial interest (defined below); or
- two or more such persons or corporations which hold an aggregate substantial interest (defined below), from entering into an agreement to acquire shares if after the acquisition such person or corporation would hold a substantial interest in a corporation, without first applying in the prescribed form for approval thereof by the Australian Treasurer and receiving such approval or receiving no response in the 40 days after such application was made.

A holder will be deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than 15 percent of the voting power in the corporation or holds interests in not less than 15% of the issued shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than 40% of the voting power in that corporation or hold not less than 40 % of the issued shares in that corporation.

The Constitution of the Company contains no limitations on a non-resident's right to hold or vote the Company's Shares.

## 7.5 Entitlement of Foreign Shareholders

The distribution of this Prospectus in places outside of Australia may be restricted by law.

For the purposes of Sections 611 (item 10) and 615 of the Act:

# Prospectus

- (a) the Company will appoint a nominee (approved by ASIC) for those Foreign Shareholders of the Company (**Nominee**);
- (b) the Company will transfer to the Nominee the securities that would otherwise be issued to the Foreign Shareholders under this Issue; and
- (c) the Nominee must sell the securities received from the Company and distribute to the Foreign Shareholders the proceeds of the sale net of expenses.

## 7.6 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

## 7.7 Litigation

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

## 7.8 Interests of experts and advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers to the Offer (collectively Prescribed Persons).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last 2 years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) the Offer of New Shares under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) offer of New Shares under this Prospectus.

HopgoodGanim Lawyers has acted as solicitors to the Offer and has performed work in relation to the Prospectus and in relation to preparing the due diligence and verification program and performing due diligence required on legal matters, however, they do not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately \$25,000 (excluding disbursements and GST) to HopgoodGanim Lawyers. Further amounts may be paid to HopgoodGanim Lawyers in accordance with its normal time based charges.

# Prospectus

## 7.9 Expenses of the offer

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are estimated to be in the order of \$45,000.

## 7.10 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

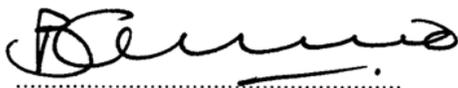
Registries Limited has given and has not withdrawn its consent to be named in this Prospectus as the share registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Prospectus other than recording its name as share registrar to the Company. It takes no responsibility for any part of the Prospectus other than the references to its name.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

## 7.11 Directors' statement

This Prospectus is issued by Queensland Ores Limited. Each director has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of Queensland Ores Limited by



John Greenwood  
Managing Director

# Prospectus

## 8. Definitions & glossary

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Terms and abbreviations used in this Prospectus have the following meaning:

<b>Acceptance</b>	An acceptance of Entitlements
<b>Acceptance Monies</b>	The Issue Price multiplied by the number of New Shares accepted for
<b>Applicant</b>	A person who submits an Entitlement and Acceptance Form
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ASX</b>	ASX Limited
<b>ASX Approval</b>	The ASX agreeing to quote the New Shares issued under this Prospectus on the official list of the ASX
<b>Board</b>	The board of directors of QOL
<b>Business Day</b>	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane
<b>Closing Date</b>	The date by which valid acceptances must be received by the Share Registrar being 26 June 2009 or such other date determined by the Board
<b>Company or QOL</b>	Queensland Ores Limited ACN 108 146 694
<b>Constitution</b>	The Constitution of the Company
<b>Corporations Act</b>	<i>Corporations Act</i> 2001 (Cth)
<b>Directors or Board</b>	The board of directors of QOL from time to time
<b>Eligible Participant</b>	A shareholder of the Company that holds shares in the Company on the Record Date
<b>Entitlement and Acceptance Form or Form</b>	An entitlement and acceptance form in the form attached to this Prospectus
<b>Entitlements</b>	The entitlement to accept New Shares under this Prospectus on the basis of one (1) New Share for every Share held on the Record Date

# Prospectus

<b>Foreign Shareholder</b>	A shareholder of the Company whose address, as shown in the register of the Company, is a place outside Australia or its external territories or New Zealand
<b>Funding Deed</b>	The Funding Deed entered into between QOL and MLM dated 21 May 2009 for the provision of funding of \$1 million to QOL on the terms summarised in section 2.8
<b>Hard Copy Prospectus</b>	Paper version of this Prospectus
<b>Inferred Resource</b>	has the meaning provided for that term under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)
<b>Issue or Offer</b>	The issue of New Shares in accordance with this Prospectus
<b>Issue Price</b>	0.9 cents for each New Share applied for
<b>Law</b>	The Corporations Act or any relevant and applicable law in Australia
<b>Listing Rules</b>	The official listing rules of the ASX
<b>Measured Resource</b>	has the meaning provided for that term under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)
<b>MLM</b>	Metallica Minerals Limited ACN 076 696 092
<b>Official List</b>	The official list of entities that ASX has admitted and not removed
<b>Official Quotation</b>	Quotation on the Official List
<b>Online Prospectus</b>	The electronic version of this Prospectus which can be viewed at <a href="http://www.qol.com.au">www.qol.com.au</a> .
<b>Opening Date</b>	The date of commencement of the Offer in respect of the Preference Shares, expected to be 12 June 2009
<b>Options</b>	Options on issue in QOL from time to time
<b>OUM</b>	Outback Metals Limited ACN 126 797 573
<b>Outback Loan</b>	The loan of \$600,000 by OUM to QOL under the Deed of Loan between QOL and OUM dated 27 January 2009
<b>Prospectus</b>	This prospectus dated 25 May 2009 as modified or varied by any supplementary prospectus made by the Company and

# Prospectus

lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus

<b>Record Date</b>	5 June 2009
<b>Register</b>	Company register of QOL
<b>Securities</b>	Has the same meaning as in Section 92 of the Corporations Act
<b>Share Registry</b>	Registries Limited
<b>Shares</b>	The ordinary shares on issue in QOL from time to time
<b>Shareholders</b>	The holders of Shares from time to time
<b>Shortfall</b>	Those New Shares for which the Entitlement lapses

# Prospectus

## 9. Corporate Directory

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### Directors

Mr Roger Marshall OBE – Chairman

Mr Kenneth H Dredge – Non-Executive Director

Mr John B Greenwood – Managing Director

Mr Barry L Kelly – Non-Executive Director

### Solicitors to the Offer

HopgoodGanim Lawyers

Level 8 Waterfront Place

1 Eagle Street

Brisbane QLD 4000

### Administration and Registered Office

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