

ASX/MEDIA RELEASE



QUEENSLAND ORES LTD

4 June 2009

LODGEMENT OF PROSPECTUS

Queensland Ores Limited announces that a Supplementary Prospectus to its Prospectus dated 25 May 2009 for the 1:1 rights issue at 0.9 cents per share was lodged with ASIC today. A copy of the supplementary prospectus is attached.

For further information:

Taff Greenwood
Managing Director

Garry Gill
Company Secretary

Queensland Ores Limited
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QUEENSLAND ORES LTD

QUEENSLAND ORES LIMITED
ACN 108 146 694

SUPPLEMENTARY PROSPECTUS TO PROSPECTUS DATED 25 MAY 2009

LODGEMENT WITH AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

This Supplementary Prospectus is dated 4 June 2009 and was lodged with the ASIC pursuant to Section 719(1) of the *Corporations Act* on that date. The ASIC takes no responsibility as to the contents of this Supplementary Prospectus.

This document is important and should be read in its entirety in conjunction with the Prospectus dated 25 May 2009 and lodged with the Australian Securities & Investments Commission on that date ("Prospectus"). If you are in any doubt as to the contents of this document, you should consult your sharebroker, solicitor, banker or accountant without delay.

1. TERMS USED IN THIS SUPPLEMENTARY PROSPECTUS

Terms used in this Supplementary Prospectus shall have the same meaning as ascribed to them in the Prospectus.

2. AMENDMENT TO DISCLOSURE

The Directors wish to bring to the attention of investors changes in circumstances that may need to be taken into account in respect of the Offer contained in the Prospectus.

2.1 Introduction

The Prospectus dated 25 May 2009 is with respect to a non-renounceable rights issue to shareholders of the Company as at 5 June 2009 on the basis of one New Share for every Share held.

The Prospectus made reference to:

- (a) the fact that the current takeover bid by Metallica Minerals Limited (**MLM**) remained open and conditional. Further reference was made to matters that were reliant upon MLM either achieving acceptances for a minimum of 40% of QOL Shares (**Share Threshold**) or proceeding with its takeover bid, and the potential consequences if MLM did not obtain its Share Threshold or make its bid unconditional;
- (b) the relevant interest held by Outback Metals Limited (OUM) being 22.5% upon the closure of its recent takeover bid on 14 May 2009.

On 26 May 2009, OUM announced its intention to accept the takeover bid from MLM. On 27 May 2009, MLM announced that it had acceptances for 61.95% of QOL Shares and that its takeover bid was unconditional (**Announcement**). As a consequence of the matters outlined within the Announcement, the closing date of the MLM bid has been automatically extended to Tuesday 9 June 2009 under the operation of section 624(2) of the Act.

2.2 Metallica Funding Arrangements – Section 2.8

As a consequence of the Announcement, MLM is obliged to provide a total of \$1 million in funding to QOL pursuant to the Funding Deed, which will constitute the amount to be paid by MLM to accept (in part) their entitlement to New Shares under this Offer.



However, by reaching acceptances of 64.84% as at 28 May 2009, MLM is entitled to apply for 143,165,366 New Shares and its announcement of 21 May 2009 announced that it will take up its full entitlement under this Offer. The subscription amount for these New Shares, being approximately \$1.29 million, exceeds the commitment required by MLM under the Funding Deed, therefore no component of the Facility is required to be provided by MLM as an unsecured loan. Accordingly, there is no requirement for QOL to pay interest on any amount from MLM and no amount of money will be required to be repaid by QOL to MLM.

2.3 Equity Control and Position - Section 5.3

As at 28 May 2009, the relevant interest of MLM was 64.84%. Under its announcement of 27 May 2009, MLM announced that QOL shareholders who accepted the MLM Offer before 7.00pm on 28 May 2009 would have the acquisition completed and MLM consideration shares issued by the Record Date. QOL Shareholders who accepted the MLM Offer on or after 29 May 2009 until 9 June 2009 would have the acquisition completed and MLM consideration shares issued by 16 June 2009. On the basis of this announcement, the Board of QOL anticipates that MLM will be recorded in the QOL share register as holding approximately 64.84% of QOL Shares as at the Record Date.

On 21 May 2009 MLM advised that it will take up its full pro-rata entitlement under this Offer.

The table below outlines the potential maximum effect on the equity and control of QOL by MLM subscribing for its full pro-rata entitlement under this Offer (anticipated to be 64.84%) and being the only QOL shareholder to accept the Offer.

Holding as at 28 May 2009	% as at 28 May 2009	Entitlement under Offer	Total holding after Rights Issue	% if only MLM accepts Offer
143,165,366	64.84%	143,165,366	286,330,732	78.67%

The potential impact upon MLM's equity holding and control of the Company will depend upon the extent to which other remaining Shareholders of the Company, other than MLM, elect to accept their entitlement to New Shares under this Offer. It will also depend upon MLM completing recording on the QOL share register all of the acceptances received by MLM on or before 28 May 2009.

As OUM has accepted the MLM bid, it will not be entitled to participate in this Offer if it is removed from the QOL share register before the Record Date.

2.4 Risk of Insufficient Acceptance of Offer – Section 6.2

The subscription amount of approximately \$1.29 million (assuming an entitlement of 64.84%) payable by MLM to take up its entitlement for New Shares under this Offer is sufficient for QOL to discharge its pending financial commitments.

2.5 Risk through Composition of the Board of Directors – Section 6.3

As a consequence of the Announcement, MLM will be entitled to appoint two (2) directors to the Board of QOL, with one appointed as chairman of the Board with a casting vote should there be a deadlock at Board level. Two (2) of the current members will remain on the Board until the Company's next annual general meeting. Under the Second Supplementary Bidder's Statement issued by MLM on 27 May 2009, MLM expects to take control of QOL on 5 June 2009.

Following discussion with MLM, a transition of QOL board membership is contemplated so as to reflect the change of ownership of QOL while providing a degree of continuity of direction



QUEENSLAND ORES LTD

for an initial period. The board is to comprise two (2) continuing directors and two (2) new directors of QOL upon MLM becoming registered as the owner of the Shares for which it has received acceptances. MLM have requested Messrs Marshall and Kelly to remain as the two (2) continuing directors of QOL. Mr Dredge has agreed to resign as a Director of QOL and Mr Greenwood will stand down as Managing Director.

Whilst the MLM's Bidder's Statement issued on 6 April 2009 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.

2.6 **Directors Interests – Section 7.3**

All of the current directors of QOL have accepted the MLM bid. Upon MLM becoming registered as the owner of those Shares, the current directors of QOL will have no further shareholding in QOL.

3. **ADDITIONAL DISCLOSURE**

3.1 **Dilution of shareholding if you fail to accept your entitlement under this Offer**

As demonstrated under section 2.3 of this Supplementary Prospectus, MLM will increase their shareholding in QOL from 64.84% to 78.67% (based upon MLM's level of acceptances as at 28 May 2009) if they are the only shareholder to accept their pro-rata entitlement under the Offer. The final impact upon MLM's equity holding and control of the Company will depend upon the extent to which other remaining Shareholders of the Company, other than MLM, elect to accept their entitlement to New Shares under this Offer.

The impact of the increase in shareholding by MLM will be shared as a dilutionary effect between the shareholders of QOL who do not participate in this Offer.

4. **ADDITIONAL INFORMATION**

4.1 **Registration of Acceptances**

The disclosure made under this Supplementary Prospectus is based on the belief by QOL, based upon the announcement by MLM on 27 May 2009, that all acceptances received by MLM on or before 28 May 2009 will be recorded by MLM on the QOL share registry on or before the Record Date.

4.2 **Acceptances after 28 May 2009**

MLM announced on 27 May 2009 that QOL Shareholders who accepted the MLM Offer after 28 May 2009 until 9 June 2009 would have the acquisition completed and MLM consideration shares issued by 16 June 2009.

The entitlement of QOL shareholders who accept the MLM Offer on or after 29 May 2009 until 9 June 2009 to participate in the Rights Issue will be subject to the terms of acceptance of the MLM Offer as contained in section 12.31 of the MLM Bidder's Statement dated 6 April 2009.



QUEENSLAND ORES LTD

5. **OTHER MATERIAL INFORMATION**

The Directors of the Company are not aware of any acts, matter or thing (not already described in the Prospectus) which may be material to the making of an informed assessment of:

- (a) the effect of the Offer on the Company; or
- (b) the rights attaching to the Shares.

This Supplementary Prospectus has been signed by a Director of **Queensland Ores Limited** with the authority of the Directors and is dated 4 June 2009.

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John Greenwood
Director