



28 April 2009

## **March 2009 Quarterly Activities Report**

### **Summary**

Following the suspension of operations at the Wolfram Camp Mine in the previous quarter the mine has been placed on a care and maintenance basis. Site inspections are carried out frequently.

During the "wet season" some 1500mm of rain have been recorded, well above the annual average for the area of 620mm; water quality monitoring as required by the mine's Environmental Authority has continued.

Quantities of off-specification tungsten and molybdenum concentrates that remained on site at the time of suspension of operations were exported.

No activities took place at Mount Cannindah or Bamford Hill.

**Take-over bids have been received from two explorers, Outback Metals Limited and Metallica Minerals Limited. Both companies have made all scrip offers for Queensland Ores. The Board of Queensland Ores has recommended shareholders' acceptance of the offer from Metallica, subject to no superior proposal being received. At the time of writing both offers remain open and the outcome is unknown.**

### **Review**

#### **Wolfram Camp (QOL 85%)**

**(Tungsten-Molybdenum Project, near Dimbulah, North Queensland)**

##### **Care and Maintenance**

As previously advised, suspension of operations at the mine took place in mid November 2008. Since that time the mine has been placed on a care and maintenance basis with site inspections being undertaken as frequently as necessary to maintain the security of assets.

For the second year running the Wolfram Camp region experienced very heavy rainfall during the "wet season" from mid November to mid April with nearly 1500mm of precipitation being recorded. Generally speaking the water diversion and sediment control measures established on the mine worked satisfactorily. The quality of overflow of water from the Main Water Dam showed an exceedance of the permitted molybdenum content. With the objective of showing that the mine is not causing environmental harm to the waters flowing in Bullaburrah Creek which is downstream of the mine an aquatic biology monitoring investigation was implemented. The results from the study are encouraging. The situation will be further discussed with the EPA in the coming quarter.

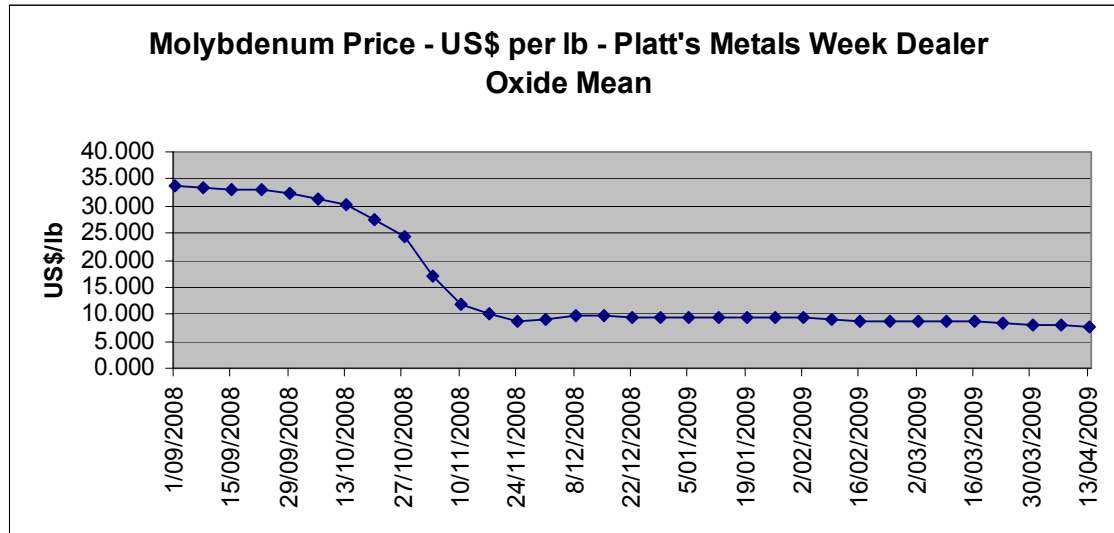
At the time of suspension of operations quantities of both tungsten and molybdenum concentrates remained at the Treatment Plant site. Some of these were not marketable at the time being out of quality specifications. Successful negotiations were undertaken during the quarter with Citic Australia with the result that all of the concentrates were sold on economically acceptable terms. 10 tonnes of tungsten concentrates were exported to China and 24 tonnes of molybdenum concentrates were exported to Vietnam. An added advantage of the sale of these concentrates is the fact that the material has now been removed from site.

The Treatment Plant has been thoroughly cleaned through. Arrangements are now in place to rotate the ball mill on a monthly basis and to start up sump pumps to remove accumulations of rain water. The explosives magazine was emptied of all unused explosives with the majority being returned to the vendor for credit. All vehicles have been detailed and arrangements made to turn their engines over on a weekly basis. All pilferable assets have been secured.



## Commodity Pricing

As reflected in the graph below the price of molybdenum which fell from around US\$33 per pound to US\$8 per pound at the time of the suspension of operations has not shown any signs of recovery. The price of tungsten has not fallen as dramatically as the molybdenum price but nevertheless demand is weak as a result of the global economic slowdown.



## Mt Cannindah (QOL 100%)

(Copper-Gold-Silver Project, near Monto, South-East Queensland)

In order to conserve cash no exploration work took place at Mount Cannindah during the month.

## Bamford Hill (QOL earning up to 85%)

(Tungsten, Molybdenum, Tin and Gold Project, 30 kms from Wolfram Camp)

As for Mt Cannindah, no exploration work took place during the quarter.

Following an approach to the Director General of the Queensland Department of Mines and Energy a moratorium was granted on the minimum expenditure levels and the compulsory relinquishment of sub-blocks for the Company's EPMS for calendar 2009. This will assist maintenance of the values of the exploration properties during the economic downturn.

## Corporate

### Funding

As previously reported the Company obtained a short term debt facility of \$600,000 from Outback Metals Limited (OUM) to fund its activities whilst various avenues for going forward were explored. In return for the provision of funding, the Company has granted OUM a fixed charge over its interest in the Wolfram Camp Treatment Plant. The loan requires to be repaid at the end of June 2009.

### Takeover Offers

On 18 February 2009 OUM announced a scrip bid for the Company which involved the exchange of 4.79 QOL shares for 1 OUM share. On 1 April 2009 Metallica Minerals Limited (MLM) announced a competing scrip bid for QOL on the basis of 22 QOL shares for 1 MLM share; this bid is currently due to close on 11 May 2009. Following a thorough appraisal of the benefits to QOL shareholders of both offers the QOL



Board recommended that shareholders accept the MLM bid subject to no superior proposal being received. On 23 April 2009 OUM improved its bid offering the exchange of 4 QOL shares for 1 OUM share. In addition OUM waived the minimum acceptance condition of its offer and extended the close of the offer to 14 May 2009. On 27 April 2009 MLM also waived its minimum acceptance condition subject to receiving acceptances for at least 50.1% of QOL. In addition MLM has indicated that it will provide a short term funding facility to QOL.

Following further evaluation of the latest offers the Board has decided to maintain its recommendation to shareholders to accept the MLM bid.

At the time of writing the outcome of the competing bid situation remains unknown.

#### **Cash at Bank**

Cash on hand at 31 March 2009 was \$992,000 which included the proceeds from the loan provided by OUM. The loan is secured against certain assets of the Company and is repayable on 29 June 2009. The Company is considering a number of options for repaying the loan by the due date and the Directors expect to make appropriate announcements as information becomes available.

#### **For further information:**

Taff Greenwood  
Managing Director

Garry Gill  
Company Secretary  
Queensland Ores Limited  
Tel: 07 3230 2000

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

QUEENSLAND ORES LIMITED

ABN

35 108 146 694

Quarter ended ("current quarter")

MARCH 2009

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	103	195
1.2	Payments for:		
	(a) exploration and evaluation	(28)	(215)
	(b) development	(283)	(2,185)
	(c) production	(203)	(4,996)
	(d) administration	(297)	(1,152)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	6	128
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid		
1.7	Other (provide details if material)	-	(14)
<b>Net Operating Cash Flows</b>		(702)	(8,239)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(65)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity	-	-
	investments		
	(c)other fixed assets	258	258
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		258	193
1.13	Total operating and investing cash flows (carried forward)	(443)	(8,045)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(443)	(8,045)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	456
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	600	600
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	600	1,056
	<b>Net increase (decrease) in cash held</b>	157	(6,989)
1.20	Cash at beginning of quarter/year to date	835	7,981
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	992	992

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	25
1.24 Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

N/A

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	600	600
3.2 Credit standby arrangements	NIL	NIL

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	NIL
4.2 Development	NIL
<b>Total</b>	<b>NIL</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	992	835
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>992</b>	<b>835</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

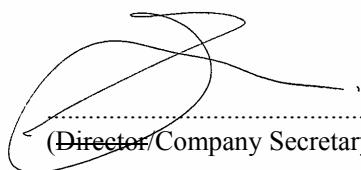
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	220,805,122	220,805,122		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,000,000 450,000	Nil Nil	<i>Exercise price</i> \$0.30 \$0.40	<i>Expiry date</i> 7 December 2011 7 December 2009
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act ~~or other standards acceptable to ASX (see note 4).~~
- 2 This statement does ~~/does not~~\* *(delete one)* give a true and fair view of the matters disclosed.

Sign here:



Date: 28 April 2009

(Director/Company Secretary)

Print name: .....GARRY GILL.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.