QUEENSLAND ORES LTD

QUEENSLAND ORES LIMITED

ABN 35 108 146 694

HALF YEAR FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

QUEENSLAND ORES LTD

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ABN 35 108 146 694

DIRECTORS' REPORT

Your Directors submit their report for the half year ended 31 December 2007.

Directors

The names of the Company's Directors in office during the half year and until the date of this report are set out below. All Directors held office for the whole of the period unless otherwise stated.

R. Marshall - Chairman
K. H. Dredge – Non Executive Director
D. H. Blair – Non Executive Director (Deceased 2 January 2008)
J. B. Greenwood – Appointed 4 January 2008 - Managing Director
B. L Kelly - Non Executive Director – Appointed 8 February 2008

Review of Operations

Wolfram Camp

With the issuing of the mining leases for the Wolfram Camp tungsten / molybdenite project on 16 November 2007, work immediately began on site for the construction of the Treatment Plant and the development of the mine.

Work on site has progressed well despite the significant rainfall that has been experienced at the mine site following the end of the reporting period. The Treatment Plant construction remains on schedule for the commencement of commissioning in early May with the shipping of the first concentrates scheduled for July.

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Mining and earthworks progress has also been good despite some inevitable disruptions due to the weather. Construction of the clean water drainage diversion around the mining operations is well advanced with work expected to begin on the laying of the main drainage pipes across the tailings dam in the coming weeks. A number of blasts have been undertaken in the open pit area and further unexpected occurrences of mineralisation have been found in areas previously considered only to host waste material

Mount Cannindah

During the period, the company completed its drilling programme at the Mount Cannindah Mine copper-gold-silver prospect and that interpretation has indicated the potential for increased resources at depth

A new resource estimate based on the latest data from the Project is being undertaken by Golder Associates and is scheduled to be completed over the next few weeks

A proposal is being considered to conduct further drilling to investigate the potential of further resources at depth. Initially one hole on each of four sections at 50m intervals will be drilled to intersect the target zone at 100m down-dip from the current deepest intersections.

Should this programme be undertaken and encouraging results returned, a second phase involving holes a further 100m down dip on each of the four sections will be considered.

Bamford Hill

Exploration work conducted during the period involved stream sampling to confirm anomalous results from earlier work. Results from this work are awaited.

QUEENSLAND ORES LTD

Directors

In January, the Queensland Ores Board regretfully advised the passing of non Executive Director, Mr David Blair who had made an outstanding contribution to the company. The initial open pit at Wolfram Camp will be named "The Blair Pit" in his memory.

Since the end of the reporting period the CEO Mr Taff Greenwood joined the Board as Managing Director and Mr Barry Kelly was appointed as a non executive Director. Mr. Kelly has extensive experience spanning over 40 years in the minerals and resources sector in Australia, Asia, the United Kingdom and South America and been involved with a number of corporate and industry boards and committees.

Funding

The Company has forecast that it will deplete its current cash reserves by June 2008 as a result of the commitments to fund the completion of the development of the Wolfram Camp mine and treatment plant. The Company has been addressing its capital needs and is currently in discussion with potential financiers. As a result of these discussions, the Company has received and is currently considering various financing proposals. Appropriate announcements will be made as and when the Board determines to proceed and terms and conditions have been agreed. Directors are confident that funding to meet the Company's commitments will be obtained.

Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

Signed in accordance with a resolution of the Directors.

J B Greenwood
Managing Director
Brisbane

13 March 2008

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AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF QUEENSLAND ORES LIMITED AND CONTROLLED ENTITIES

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Queensland Ores Limited for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

no contraventions

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

A G RIGELE
Partner, Sydney

Date: 13 March 2008

QUEENSLAND ORES LTD

QUEENSLAND ORES LIMITED
and its controlled entities

ABN 35 108 146 694

INCOME STATEMENT
for the half year ended 31 December 2007

	Note	Consolidated 2007 $	Consolidated 2006 $
Revenue	2	588,064	39,809
Finance costs		-	(17,527)
Depreciation and amortisation		(27,103)	(17,407)
Employee benefits expense	2	(428,169)	(354,884)
Marketing expenses		(25,807)	(36,674)
Administration expenses		(491,576)	(257,277)
Loss before income tax expense		(384,591)	(643,960)
Income tax expense		-	-
Loss attributable to members of the company		(384,591)	(643,960)
Basic earnings and diluted earnings per share (cents per share)		(0.28)	(1.20)

The accompanying notes form part of this financial report

QUEENSLAND ORES LTD

QUEENSLAND ORES LIMITED
and its controlled entities
ABN 35 108 146 694
BALANCE SHEET
as at 31 December 2007

	Note	Consolidated 31 December 2007 $	30 June 2007 $
CURRENT ASSETS			
Cash and cash equivalents	3	14,300,970	21,608,528
Trade and other receivables		105,453	278,596
Other assets		102,147	128,367
Total Current Assets		14,508,570	22,015,491
NON CURRENT ASSETS			
Exploration and evaluation assets		8,325,398	7,737,308
Property plant and equipment		12,989,560	3,861,778
Other assets		65,500	65,500
Total non Current Assets		21,380,458	11,664,586
TOTAL ASSETS		**35,889,029**	**33,680,077**
CURRENT LIABILITIES			
Trade and other payables		2,661,819	132,616
Short term provisions		108,573	74,413
Total Current Liabilities		2,770,391	207,029
TOTAL LIABILITIES		**2,770,391**	**207,029**
NET ASSETS		**33,118,638**	**33,473,048**
EQUITY			
Contributed equity		36,276,937	36,276,937
Reserves		110,533	80,352
Accumulated losses		(3,268,832)	(2,884,241)
TOTAL EQUITY		**33,118,638**	**33,473,048**

The accompanying notes form part of this financial report

QUEENSLAND ORES LTD

QUEENSLAND ORES LIMITED
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STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2007

		Consolidated			
	Note	Share Capital	Accumulated Losses	Reserves	Total
		$	$		$
2006					
Balance at beginning of the period		7,900,703	(1,376,108)	40,500	6,565,095
Total shares issued during the period		2,719,000			2,719,000
Loss attributable to members of the company			(643,960)		(643,960)
Balance at 31 December 2006		**10,619,703**	**(2,020,068)**	**40,500**	**8,640,135**
2007					
Balance at 1 July 2007		36,276,937	(2,884,241)	80,352	33,473,048
Options issued to key management personnel	2			30,181	30,181
Loss attributable to members of the Company			(384,591)		(384,591)
Balance at 31 December 2007		**36,276,937**	**(3,268,832)**	**110,533**	**33,118,638**

The accompanying notes form part of this financial report

QUEENSLAND ORES LTD

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CASH FLOW STATEMENT
for the half year ended 31 December 2007

	Note	Consolidated 2007 $	2006 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		588,064	39,809
Interest paid		-	(17,527)
Payments to suppliers and employees		(695,073)	(413,005)
Net cash provided by (used in) operating activities		(107,009)	(390,723)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation expenditure		(583,682)	(2,206,071)
Purchase of property plant and equipment		(6,616,867)	(598,637)
Net cash provided by (used in) investing activities		(7,200,549)	(2,804,708)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,719,000
Net cash provided by (used in) financing activities		-	2,719,000
Net increase in cash and cash equivalents during the period		(7,307,558)	(476,431)
Cash and cash equivalents at beginning of period		21,608,528	3,223,021
Cash and cash equivalents at end of period	3	**14,300,970**	**2,746,590**

The accompanying notes form part of this financial report

1. Basis of Preparation and Accounting Policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *"Interim Financial Reporting"* and the *Corporations Act 2001*.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It is recommended that the half-year financial report be read in conjunction with the annual report of Queensland Ores Limited as at 30 June 2007, together with any public announcements made by Queensland Ores Limited during the interim reporting period in accordance with the continuous disclosure obligations of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period as disclosed in the 30 June 2007 annual report.

Reporting Basis and Conventions

The half year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been used.

Going Concern

The Company has forecast that it will deplete its current cash reserves by June 2008 as a result of the commitments to fund the completion of the development of the Wolfram Camp mine and treatment plant. The Company has been addressing its capital needs and is currently in discussion with potential financiers. As a result of these discussions, the Company has received and is currently considering various financing proposals. Appropriate announcements will be made as and when the Board determines to proceed and terms and conditions have been agreed. Shareholder approval will be sought where required. Directors are confident that funding to meet the Company's commitments will be obtained and accordingly have applied the going concern principle in preparing these financial statements.

Segment Reporting

The Company's sole activities are exploration, evaluation and development in Australia.

	Consolidated	
	2007	2006
	$	$

2. Revenue and expenses

The following revenue and expense items are relevant in explaining the financial performance for the period:

Employee benefit expenses include		
Share option expense	30,181	-

Share option expense represents the bonus element of unvested Director and CEO options granted on 4 January 2007 ($33,126) offset by the write back of expenses previously recognised on employee options which lapsed prior to vesting conditions being fulfilled ($2,945).

	Consolidated	
	31 December 2007	30 June 2007
	$	$
3. Cash and Cash Equivalents		
Cash at bank and on hand	12,109,818	12,914,356

4. Expenditure Commitments and Contingent Liabilities

Changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below

a) Wolfram Camp Mining Lease

On 15 November 2007, the company was granted Mining Leases numbered 20486 and 20534 over the Wolfram Camp mine site. The leases replace the previous mining lease applications for the same area and have been issued for a term of 20 years with an annual rental required of $8,800.

b) Wolfram Camp Mine Development

The cost of the development of the mine and treatment plant at Wolfram Camp is projected at $30 million with $12.6 million having been incurred up to 31 December 2007. Plant commissioning is expected to commence in May 2008 with the first concentrates expected to be shipped in July 2008.

c) Wolfram Camp Offtake Agreement

On 5 December 2007, the Company announced that it had reached agreement with Citic Australia Commodity Trading Pty Ltd (Citic) under which Citic had agreed to purchase all of the wolframite and molybdenite concentrates produced at the Wolfram Camp mine. The agreement is initially for one yea with Citic retaining the option to extend the agreement for a further 3 years. The Company also retains the right to test market up to 10 tonnes of concentrates with other international trading houses.

5. Events Subsequent to Reporting Date

The Company is continuing to develop the Wolfram Camp mine and treatment plant. The recent rains in North Queensland have not materially altered the construction schedule.

Mr Barry Kelly was appointed to the Board on 20 February 2008.

The Company issued 100,000 options to an employee pursuant to the Employee Share Option Plan. The options are exercisable anytime between 17 January 2009 and 16 January 2013 at an exercise price of 40 cents per share.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 10

a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and

b. give a true and fair view of the economic entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.

2. As set out at Note 1, the company is in discussion with potential financiers and has received and is currently considering various financing proposals. Directors are confident that funding to meet the Company's commitments will be obtained and accordingly are of the opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

J B Greenwood
Managing Director
Brisbane

13 March 2008

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF QUEENSLAND ORES LIMITED AND CONTROLLED ENTITIES

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Queensland Ores Limited (the Company) and the Entities it controlled (the consolidated entity), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a summary of significant accounting policies, and other selected explanatory notes. The consolidated entity comprises both Queensland Ores Limited (the Company) and the Entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim 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 financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Queensland Ores Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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 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 half-year financial report of Queensland Ores Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.

b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As disclosed in note 1, the entity will deplete its current cash reserves by June 2008 as a result of the commitments to fund the completion of the development of the Wolfram Camp mine and treatment plant. The company is currently considering various financing proposals. These proposals are not finalised at the date of this report.

If the company is unable to raise sufficient funding, there exists significant uncertainty whether Queensland Ores Limited would be able to continue as a going concern and therefore may be forced to realise its assets and extinguish its liabilities other than in the normal course of business and at the amounts stated in the financial report.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants

A G RIGELE
Partner, Sydney

Date: 13 March 2008