

**QUEENSLAND MINERALS LTD.**  
**Consolidated Financial Statements**  
**For the First Quarter ended March 31, 2007**

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**QUEENSLAND MINERALS LTD.**  
(A development stage Company)  
**CONSOLIDATED BALANCE SHEETS**

	<b>March 31, 2007 (unaudited) \$</b>	<b>December 31, 2006 (audited) \$</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (note 3)	<b>10,470,688</b>	109,307
Receivables	<b>97,317</b>	30,820
	<b>10,568,005</b>	140,127
Mineral properties (note 4)	<b>711,887</b>	634,443
	<b>11,279,892</b>	774,570
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	<b>142,042</b>	414,506
Due to Reunion Gold Corporation (note 9)	<b>27,459</b>	42,899
	<b>169,501</b>	457,405
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (note 5)	<b>11,352,059</b>	2,478,182
Warrants (note 5)	<b>4,039,345</b>	242,579
Contributed surplus	<b>596,050</b>	-
Deficit	<b>(4,877,063)</b>	(2,403,596)
	<b>11,110,391</b>	317,165
	<b>11,279,892</b>	774,570
<b>Commitments (note 8)</b>		

Commitments (note 8)

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board,

/s/ James A. Crombie  
James A. Crombie, Director

/s/ David Fennell  
David Fennell, Director

**QUEENSLAND MINERALS LTD.**

(A development stage Company)

**CONSOLIDATED OPERATIONS**

	<b>First Quarter ended March 31, 2007 (unaudited) \$</b>	<b>First Quarter ended March 31, 2006 (unaudited) \$</b>
<b>Expenses</b>		
Office and administration	111,739	32,601
Professional fees	-	68,218
Stock-based compensation cost	<u>596,050</u>	<u>-</u>
	<b>707,789</b>	100,819
<b>Other items</b>		
Interest income	(34,969)	-
Loss (gain) on foreign exchange	<u>419</u>	<u>(7,069)</u>
<b>Net loss</b>	<u><b>(673,239)</b></u>	<u><b>(93,750)</b></u>
<b>Basic and diluted net loss per common share</b>	<u><b>(0.03)</b></u>	<u><b>(0.01)</b></u>
Basic and diluted weighted average number of common shares outstanding	<u><b>26,352,337</b></u>	<u><b>16,901,509</b></u>

The accompanying notes are an integral part of these consolidated financial statements.

**QUEENSLAND MINERALS LTD.**

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**CONSOLIDATED DEFICIT AND CONTRIBUTED SURPLUS**

	<b>First Quarter ended March 31, 2007 (unaudited) \$</b>	<b>First Quarter ended March 31, 2006 (unaudited) \$</b>
<b>DEFICIT</b>		
Balance, beginning of period	(2,403,596)	(1,841,448)
Common share issue expenses	(1,800,228)	-
Net loss	(673,239)	(93,750)
Balance, end of period	<u>(4,877,063)</u>	<u>(1,935,198)</u>
<b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of period	-	-
Stock-based compensation cost	596,050	-
Balance, end of period	<u>596,050</u>	<u>-</u>

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**QUEENSLAND MINERALS LTD.**

(A development stage Company)

**CONSOLIDATED CASH FLOWS**

	<b>First Quarter ended March 31, 2007 (unaudited) \$</b>	<b>First Quarter ended March 31, 2006 (unaudited) \$</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	(673,239)	(93,750)
Non-cash items		
Stock-based compensation cost	596,050	-
Loss (gain) on foreign exchange	419	(7,069)
Changes in non-cash working capital items		
Receivables	(70,678)	(4,631)
Accounts payable and accrued liabilities	(13,305)	35,518
Due to Reunion Gold Corporation	(15,440)	-
Cash flows used in operating activities	<u>(176,193)</u>	<u>(69,932)</u>
<b>INVESTING ACTIVITIES</b>		
Expenditures on mineral properties and cash flows used in investing activities	<u>(68,852)</u>	<u>(29,126)</u>
<b>FINANCING ACTIVITIES</b>		
Share subscriptions	12,003,500	100,000
Shares to be issued	-	100,000
Common share issue expenses	(1,562,824)	-
Exercise of warrants	165,750	-
Due to related parties	-	30,111
Cash flows provided by financing activities	<u>10,606,426</u>	<u>230,111</u>
<b>Net increase in cash</b>	<b>10,361,381</b>	<b>131,053</b>
Cash, beginning of period	<u>109,307</u>	<u>63,953</u>
Cash, end of period	<u><u>10,470,688</u></u>	<u><u>195,006</u></u>
Cash flows relating to interest and income taxes:		
Interest paid	-	-
Income taxes paid	-	-

Supplemental disclosure with respect to cash flows (note 10)

The accompanying notes are an integral part of these consolidated financial statements.

**QUEENSLAND MINERALS LTD.**

(A development stage Company)

**CONSOLIDATED EXPENDITURES ON EXPLORATION PROJECTS**

	<b>First Quarter ended March 31, 2007 (unaudited) \$</b>	<b>First Quarter ended March 31, 2006 (unaudited) \$</b>
<b>Balance, beginning of period</b>	<b>634,443</b>	426,974
Administration	<b>34,474</b>	22,761
Drilling and assaying	<b>4,851</b>	-
EPM renewal, rent and option payments	<b>8,111</b>	8,680
Field supplies, vehicle and base operating costs	<b>6,032</b>	4,754
Geological	<b>13,824</b>	-
Salaries	<b>10,152</b>	-
	<b>77,444</b>	36,195
<b>Balance, end of period</b>	<b>711,887</b>	463,169

The accompanying notes are an integral part of these consolidated financial statements.

**QUEENSLAND MINERALS LTD.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2007 (unaudited)****1 GOVERNING STATUTES, INITIAL PUBLIC OFFERING AND NATURE OF OPERATIONS**

The Company was incorporated under the laws of British Columbia on February 15, 1996 under the name G.L. March & Associates Ltd. On January 30, 2004, the Company changed its name to Queensland Minerals Ltd. and continued under the Business Corporations Act of the Yukon Territory. On April 14, 2004, the Company continued under the Business Corporations Act of British Columbia. Its principal business activity is the acquisition and exploration of mineral properties in Australia. To date, the Company has not generated any revenue from operations.

On January 17, 2007, the Company filed a preliminary prospectus with the Canadian securities regulatory authorities for an initial public offering (the "IPO"). Final receipts of the regulators was issued on February 21, 2007. The closing of the IPO and the listing of the Company's shares on the TSX-Venture exchange occurred on March 1, 2007.

The Company, through its Australian wholly-owned subsidiaries Queensland Minerals (Australia) Pty Ltd. ("QML Australia") and Asmam Pty Ltd. ("Asmam"), holds a 100% interest in three (3) mineral properties known as Sybil Graben, Lynd River and Mungana. These mineral properties are located in the State of Queensland, Australia.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of its mineral properties and upon future profitable production.

Although the Company has taken steps to verify title to the mineral claims in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

**2 BASIS OF PRESENTATION AND ACCOUNTING ESTIMATES**

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

The accompanying unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They are consistent with the policies and practices used in the preparation of the Company's audited annual consolidated financial statements, except for the adoption of new standards described in the following paragraph. These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2006 and 2005.

On January 1, 2007, the Company adopted prospectively Section 1530, *Comprehensive Income*, Section 3251, *Equity*, Section 3855, *Financial Instruments - Recognition and Measurement* and Section 3861, *Financial Instruments - Disclosure and Presentation*, issued by the Canadian Institute of Chartered Accountants. These new sections include comprehensive standards for the recognition, measurement, presentation and disclosure of financial instruments and require that the Company classify all of its financial assets and liabilities in categories which clearly defined rules determine the standards to be applied. The adoption of these new standards had no impact on the Company for the quarter ended March 31, 2007.

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. Significant areas where management judgement is applied are carrying value of exploration projects, asset retirement obligations and stock-based compensation.

**QUEENSLAND MINERALS LTD.**

(A development stage Company)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2007 (unaudited)****3 CASH AND CASH EQUIVALENTS**

	<b>March 31, 2007</b>	Dec 31, 2006
	\$	\$
Cash	<b>150,232</b>	109,307
Short-term investments with initial maturities of less than three months, bearing interest at rates varying from 4.40% to 4.47%	<b>10,320,456</b>	-
	<b>10,470,688</b>	109,307

**4 MINERAL PROPERTIES**

Pursuant to asset purchase agreements, the Company, through its wholly-owned Australian subsidiaries acquired in 2005 and 2003, from a company controlled by an officer and director of the Company, a 100% interest in certain Exploration Permits for Minerals ("EPM") and the rights to certain EPM applications comprising the Sybil Graben, Lynd River and Mungana gold exploration properties located in the State of Queensland, Australia.

Applications for the transfer of title to the EPM's from the vendor to QML Australia and Asmam have been filed with the State of Queensland and remains subject to regulatory approval. Pursuant to the terms of the asset purchase agreements, the vendor will also file an application to transfer the EPM's currently in the application process to QML Australia and Asmam upon granting of these EPM's, if applicable, to the vendor by the state government.

Bank guarantees, totaling A\$28,000, have been provided over some of the exploration rights of the Sybil Graben, Lynd River and Mungana properties. These guarantees are held by the vendor and have not yet been transferred to the Company at March 31, 2007. The guarantees have been provided to the State of Queensland as security for, primarily, compliance with the conditions of the EPMs and state laws regarding mineral properties and environmental protection.

Annual renewal of the Company's EPM's, upon acceptance of the transfer application, will be subject to the Company paying annual rent and meeting designated annual expenditure requirements, determined by the state government. The EPM's are subject to a royalty, payable to the State of Queensland, amounting to 2.77% of revenue from gold and silver production.

The Company has assumed an obligation to pay an amount of A \$2,000,000 to an arm's length party in the event that 100,000 ounces of gold is produced from the area covered by certain tenements on the Sybil Graben and Mungana projects.

The breakdown of accumulated costs by property is as follows:

	<b>March 31, 2007</b>	Dec 31, 2006
	\$	\$
Sybil Graben	<b>350,996</b>	324,118
Lynd River	<b>298,456</b>	272,571
Mungana	<b>62,435</b>	37,754
	<b>711,887</b>	634,443

**QUEENSLAND MINERALS LTD.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2007 (unaudited)****5 CAPITAL STOCK****First Quarter ended March 31, 2007**

	Number of Shares	Amount \$
<b>Common shares</b>		
Balance, beginning of period	20,209,643	2,478,182
<b>Issued</b>		
Initial public offering	20,000,000	8,668,408
Exercise of warrants	552,500	205,469
Balance, end of period	40,762,143	11,352,059

**a) Issuance of shares and warrants**

On March 1, 2007, the Company completed its IPO by the issuance of 18,000,000 units at a price of \$0.60 per unit for total gross proceeds of \$10,800,000 and on March 29, 2007, an additional 2,000,000 units at a price of \$0.60 per unit and 350,000 warrants at a price of \$0.01 per warrant were issued as part of the over-allotment granted to the Agents. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.80 per share for a period of 18 months following the closing of the IPO. The Company has the right to accelerate the termination of the exercise period of the warrants at any time after the date which is six months after the closing of the IPO, if the closing price of the common shares is \$1.20 or more for a period of 20 consecutive trading days. The value of the common share purchase warrants, in the amount of \$3,331,592 (see note 5b for detail on valuation) was presented separately on the consolidated balance sheets.

Pursuant to the terms of an agency agreement dated February 21, 2007, the Agents received a cash commission equal to 7% of the gross proceeds of the IPO, and were granted share purchase warrants (the "Broker Warrants") to acquire such number of common shares which is equal to 7% of the number of units sold pursuant to the IPO. Each Broker Warrant is exercisable at the issue price of \$0.60 for a period of 18 months from closing of the IPO. The value of the Broker Warrants, in the amount of \$501,393 (see note 5b for detail on valuation) was presented as common share issue expenses with the deficit.

Total common share issue expenses of \$1,800,228, attributable to the IPO were presented as part of the deficit.

**b) Warrants**

The outstanding number of warrants exercisable into common shares is as follows:

	Number of warrants outstanding Dec 31, 2006	Number of warrants issued (exercised)	Number of warrants outstanding Mar 31, 2007	Exercise price per share	Expiry date
				\$	
Broker warrants - 2003 private placement	300,000	-	300,000	0.10	2008-03-01
Pursuant to the 2005 private placements	2,512,500	(552,500)	1,960,000	0.30	2008-03-01
Broker warrants - 2005 private placements	298,125	-	298,125	0.30	2008-03-01
Pursuant to the IPO of March 1, 2007	-	10,350,000	10,350,000	0.80	2008-08-31
Broker warrants - IPO of March 1, 2007	-	1,400,000	1,400,000	0.60	2008-08-31
	3,110,625	11,197,500	14,308,125		

**QUEENSLAND MINERALS LTD.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2007 (unaudited)****5 CAPITAL STOCK (Continued)****b) Warrants (Continued)**

The value of the warrants is detailed as follows:

	Balance, beginning of period	Additions	Exercised	Balance, end of period
	\$	\$	\$	\$
Broker warrants - 2003 private placement	11,778	-	-	11,778
Pursuant to the 2005 private placements	180,616	-	(39,719)	140,897
Broker warrants - 2005 private placements	50,185	-	-	50,185
Pursuant to the IPO of March 1, 2007	-	3,335,092	-	3,335,092
Broker warrants - IPO of March 1, 2007	-	501,393	-	501,393
	242,579	3,836,485	(39,719)	4,039,345

Common share purchase warrants and broker warrants issued as part of the IPO were measured at the date of grant using the Black-Scholes pricing model. Values of \$0.32 and \$0.36, respectively, per warrant, were attributed based on an expected stock-price volatility of 133%, a risk-free interest rate of 4%, an expected life of 18 months and an expected dividend yield of 0%.

**c) Stock option plan**

The Company measures compensation costs related to the award of stock options using the fair value method. The fair value of the options is estimated using the Black-Scholes option pricing model. A stock-based compensation charge is recognized over the vesting period.

In March 2007, the Company granted to directors, officers and employees options to purchase 1,765,000 common shares of the Company at a price of \$0.60 per share. The options are for a five-year period. A total of 1,145,000 options vested at the date of grant and the remaining 620,000 options will vest on March 1, 2008. The fair value of the options granted was estimated at \$0.50 per share using an expected time-period of 4 years, a semi-annual risk-free interest rate of between 4.00% and 4.07%, a volatility rate of 133% and a 0% dividend factor. Accordingly, the Company recorded a stock-based compensation cost of \$596,050 during the quarter relating to these options and the contributed surplus was increased by the same amount.

At March 31, 2007, outstanding options have the following features:

Grant date	Exercise price	Balance, Dec 31, 2006	Granted	Balance, Mar 31, 2007	Number of options exercisable
	\$				
March 1, 2007 (residual period of 5 years)	0.60	-	1,755,000	1,755,000	1,135,000
March 29, 2007 (residual period of 5 years)	0.60	-	10,000	10,000	10,000
			1,765,000	1,765,000	1,145,000

**QUEENSLAND MINERALS LTD.**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2007 (unaudited)****6 EARNINGS PER COMMON SHARE**

A total of 10,350,000 common share purchase warrants was not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the quarter ended March 31, 2007.

**7 FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**8 COMMITMENTS**

On May 25, 2006 (with amendment dated August 14, 2006), the Company entered into a consulting agreement (the "Consulting Agreement") with a Company controlled by an officer and director of the Company. Under the terms of the Consulting Agreement, the Company will pay annual remuneration of, initially, A\$180,000. In certain circumstances, in the event of termination of the Consulting Agreement, the Company may be required to pay severance in an amount equal to the annual remuneration in effect at the date of termination.

On July 6, 2005, the Company entered into a 5-year option agreement to purchase a Mining Lease located in close proximity to the Mungana exploration property. The option can be exercised at any time during the 5-year period by paying an amount of A\$150,000 in cash and issuing 150,000 common shares of the Company. Until the option is exercised, the Company is required to make additional annual escalating payments (starting at \$4,000 up to \$10,000) and to issue additional common shares (starting at 4,000 common shares up to 10,000 common shares). The Company can also terminate the option agreement at any time during the exercise period. In June 2006, the Company extended its option for one year by paying an amount of \$4,000 and by issuing 4,000 common shares.

**9 RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- a) Paid or accrued consulting fees, office and administration costs and other exploration expenses of \$21,588 during the period ended March 31, 2007 (\$52,244 during the period ended March 31, 2006) to a company controlled by an officer and director of the Company.
- b) Paid or accrued legal fees of \$100,917 during the period ended March 31, 2007 (\$nil during the period ended March 31, 2006) to a law firm of which a director of the Company is a partner.
- c) Paid or accrued professional and administration fees of \$47,858 during the period ended March 31, 2007 (\$nil during the period ended March 31, 2006) to Reunion Gold Corporation, a company under common management.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2007 (unaudited)****10 SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions included:

**First quarter ended March 31, 2007:**

- a) Issuance of 1,400,000 broker warrants, valued at \$501,393 (note 5b);
- b) Exercise of broker warrants valued at \$39,719 (note 5b);
- c) Decrease of accounts payable and accrued liabilities related to share issue costs of \$263,989;
- d) Increase of accounts payable and accrued liabilities related to exploration projects of \$4,830.

**First quarter ended March 31, 2006:**

- a) None during the first quarter ended March 31, 2006.

**11 SEGMENTED INFORMATION**

The Company operates in Australia in one business segment being the acquisition and exploration of mineral properties.

	<b>March 31, 2007</b>	Dec 31, 2006
	\$	\$
<b>Identifiable assets</b>		
Australia	<b>798,110</b>	682,052
Canada	<b>10,481,782</b>	92,518
	<b>11,279,892</b>	774,570

**12 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.