

Consolidated Financial Statements of

QUEENSLAND MINERALS LTD.

(an exploration stage Company)

2nd Quarter ended June 30, 2009

(unaudited – in Canadian dollars)

Queensland Minerals Ltd.
 (an exploration stage Company)
Consolidated Balance Sheets

	June 30, 2009 (unaudited)	December 31, 2008 (audited)
	\$	\$
ASSETS		
Current assets		
Cash	21,604	119,582
Taxes receivable	59,107	219,641
Short-term portion of investments (note 4)	-	330,825
Prepaid expenses	20,340	10,683
	101,051	680,731
Investments (note 4)	4,956,099	5,168,117
Capital assets (note 5)	55,158	111,357
Deferred exploration expenses (note 6)	1,526,591	1,526,591
	6,638,899	7,486,796
LIABILITIES		
Current liabilities		
Bank loan (note 7)	-	6,163,464
Accounts payable and accrued liabilities	57,160	235,933
Due to a related party (note 9)	3,397	22,618
	60,557	6,422,015
Long-term debt (note 7)	5,912,160	-
	5,972,717	6,422,015
SHAREHOLDERS' EQUITY		
Capital stock (note 8)	14,493,343	14,493,343
Contributed surplus	4,853,603	4,837,741
Deficit	(18,680,764)	(18,266,303)
	666,182	1,064,781
	6,638,899	7,486,796

Going concern (note 1)

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

On behalf of the Board,

/s/ James Crombie
 James Crombie, Director

/s/ Anthony Walsh
 Anthony Walsh, Director

Queensland Minerals Ltd.

(an exploration stage Company)

Consolidated Operations and Comprehensive Loss (unaudited)

	2 nd quarter ended June 30, 2009	2 nd quarter ended June 30, 2008	Six-months ended June 30, 2009	Six-months ended June 30, 2008
	\$	\$	\$	\$
Expenses				
Stock-based compensation	6,253	31,228	15,862	136,171
Management and administration	26,306	142,546	69,198	260,928
Professional fees	37,318	-	75,485	-
Regulatory fees	4,325	5,585	17,202	11,975
Investor relations and travel	6,566	61,332	9,385	120,225
Administrative office	24,041	107,126	43,319	146,784
Regional office	66,493	-	88,880	-
Business development	23,519	-	23,519	-
Depreciation	27,558	36,818	56,199	63,599
	222,379	384,635	399,049	739,682
Other items				
Interest income	(5,595)	(1,979)	(5,706)	(4,948)
Interest expense	12,396	39,179	33,991	68,471
Loss (gain) on foreign exchange	(6,760)	310,626	(12,873)	334,333
Net loss and comprehensive loss	(222,420)	(732,461)	(414,461)	(1,137,538)
Basic and diluted loss per common share	(0.00)	(0.02)	(0.01)	(0.03)
Basic and diluted weighted average number of common shares outstanding	52,400,768	42,571,430	52,400,768	42,872,609

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

Queensland Minerals Ltd.

(an exploration stage Company)

Consolidated Deficit and Contributed Surplus (unaudited)

	2 nd quarter ended June 30, 2009	2 nd quarter ended June 30, 2008	Six-months ended June 30, 2009	Six-months ended June 30, 2008
	\$	\$	\$	\$
DEFICIT				
Balance, beginning of period	(18,458,344)	(8,725,895)	(18,266,303)	(8,320,818)
Net loss	(222,420)	(732,461)	(414,461)	(1,137,538)
Balance, end of period	(18,680,764)	(9,458,356)	(18,680,764)	(9,458,356)
CONTRIBUTED SURPLUS				
Balance, beginning of period	4,847,350	4,508,974	4,837,741	4,505,332
Stock-based compensation	6,253	31,228	15,862	136,171
Exercise of warrants	-	(5,013)	-	(106,314)
Balance, end of period	4,853,603	4,535,189	4,853,603	4,535,189

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

Queensland Minerals Ltd.

(an exploration stage Company)

Consolidated Cash Flows (unaudited)

	2 nd quarter ended June 30, 2009	2 nd quarter ended June 30, 2008	Six-months ended June 30, 2009	Six-months ended June 30, 2008
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(222,420)	(732,461)	(414,461)	(1,137,538)
Non-cash items				
Depreciation	27,558	36,818	56,199	63,599
Stock-based compensation	6,253	31,228	15,862	136,171
Loss (gain) on foreign exchange	(6,760)	310,626	(12,873)	334,333
Changes in non-cash working capital items	89,429	34,005	116,918	93,221
Cash flows from operating activities	(105,940)	(319,784)	(238,355)	(510,214)
INVESTING ACTIVITIES				
Investments	212,018	-	542,843	-
Additions to capital assets	-	21,689	-	(78,704)
Expenditures on mineral properties	2,883	(2,150,012)	(151,162)	(3,729,476)
Cash flows from investing activities	214,901	(2,128,323)	391,681	(3,808,180)
FINANCING ACTIVITIES				
Bank loan	(143,534)	2,351,160	(251,304)	3,612,446
Exercise of warrants	-	8,400	-	375,652
Cash flows from financing activities	(143,534)	2,359,560	(251,304)	3,988,098
Net decrease in cash	(34,573)	(88,547)	(97,978)	(330,296)
Cash, beginning of period	56,177	150,220	119,582	391,969
Cash, end of period	21,604	61,673	21,604	61,673
Interest paid	12,396	39,179	33,991	68,471
Changes in other non-cash items				
Working capital items related to mineral properties	(3,877)	21,622	(164,035)	(100,530)
Shares issued for extension of Mining Lease option	-	4,800	-	4,800
Exercise of warrants	-	5,013	-	106,314

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

Queensland Minerals Ltd.

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Consolidated Deferred Exploration Expenses (unaudited)

	2 nd quarter ended June 30, 2009	2 nd quarter ended June 30, 2008	Six-months ended June 30, 2009	Six-months ended June 30, 2008
	\$	\$	\$	\$
Balance, beginning of period	1,526,591	5,738,751	1,526,591	4,305,146
Administration	-	120,834	-	147,297
Drilling and assaying	-	864,266	-	1,527,321
EPM renewal, rent and option payments	-	29,056	-	61,422
Field supplies, vehicle and base operating costs	-	283,855	-	659,449
Geology	-	109,065	-	152,631
Salaries	-	458,731	-	751,292
	-	1,865,807	-	3,299,412
Balance, end of period	1,526,591	7,604,558	1,526,591	7,604,558

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

Queensland Minerals Ltd.

(an exploration stage Company)

Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

1. GOVERNING STATUTES, NATURE OF OPERATIONS AND GOING CONCERN

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. On March 1, 2007, the Company completed its initial public offering (the "IPO") and listed its shares on the TSX Venture Exchange ("TSXV"). The Company's principal business activity is the acquisition and exploration of mineral properties in Australia. All financial results in these financial statements are expressed in Canadian dollars unless otherwise indicated.

The Company's mineral properties are in the exploration stage and it has not yet been determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration expenses is dependent upon the existence of economically recoverable reserves on these properties, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production from these reserves or sufficient proceeds from their disposal thereof.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. However, certain conditions may lend substantial doubt as to the appropriateness of the going concern assumption. Specifically, given that the Company has not yet found a mineral property containing mineral deposits that are economically recoverable, the Company has not generated any income or cash flows from operations and at June 30, 2009, had an accumulated deficit of \$18,680,764. Also, at June 30, 2009, the Company had a temporary bank loan in the amount of \$5,912,160, converted on July 3, 2009 into 2 and 3-year credit facilities (note 7), secured partially by the Company's investments in MAV II and III notes, which fair value was estimated at \$4,956,099 at June 30, 2009. During the 4th quarter of 2008, following a thorough analysis of all data collected during the last field season, the Company decided to write-down to nil costs incurred on all projects other than the Dingo Peak target located on the Mungana project, resulting in a charge to operations during that period of \$7,530,769. Also, as a result of the Company's limited financial resources, all of the Company's exploration projects have been put on care and maintenance and the Company has insufficient cash resources to undertake an exploration program on any of its exploration properties.

At June 30, 2009, the Company had \$21,604 in cash and an amount of \$698,008 available under the 2 and 3-year credit facilities and anticipates having sufficient cash to meet its corporate administrative expenses for several months. However, the Company will require additional financing, through various means including but not limited to equity financing, optioning its exploration projects and/or entering into partnership agreements, to acquire additional exploration properties and/or to undertake exploration programs on its properties. There can be no assurance that the Company will be successful in putting any of these measures into place.

These consolidated financial statements do not reflect any adjustments that would be necessary if the going concern assumption were not appropriate for these consolidated financial statements. If the going concern assumption were not appropriate for these consolidated financial statements, adjustments to the carrying values of assets and liabilities and balance sheet classification, which could be material, may be necessary.

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Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

2. ACCOUNTING POLICIES

The accompanying unaudited 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 paragraphs. These interim unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2008 and 2007.

In February 2008, the CICA published **Section 3064, Goodwill and Intangible Assets**, to replace Section 3062, *Goodwill and Other Intangible Assets*. Publication of this new Section also resulted in the withdrawal of Section 3450, *Research and Development Costs* and consequential amendments to certain recommendations in the CICA Handbook. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. The application of this new section on January 1, 2009 had no impact on the Company's financial statements.

In January 2009, the Emerging Issues Committee ("EIC") issued **Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities**, which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The Company has taken into account the consensus reached in this Abstract effective January 1, 2009.

On March 27, 2009, the EIC issued **Abstract EIC-174, Mining Exploration Costs** regarding the capitalization and impairment of exploration costs. This Abstract is to be applied to all financial statements issued after March 27, 2009. The Company has taken into account the consensus reached in this Abstract effective January 1, 2009.

The preparation of consolidated 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 judgment is applied are the carrying value of mineral properties, asset retirement obligation and stock-based compensation.

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 CICA.

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Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT

Financial instruments

The Company's financial instruments at June 30, 2009 consist of cash, investments, accounts payable and accrued liabilities, amount due to a related party and long-term debt. Other than investments, the fair value of these financial instruments approximates their carrying value. Other than investments and long-term debt, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company's exposure to interest and credit risks arising from its investments is fully described in note 4 to these consolidated financial statements. The Company's exposure to interest rate risk attributable to its long-term debt is described below under *Interest rate risk*.

Risk management

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk is the risk of an unexpected loss if a party to its financial instruments fails to meet its contractual obligations. The Company's financial assets exposed to credit risk are primarily composed of cash and investments. To mitigate exposure to credit risk, the Company has revised its policy to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's cash is held in large financial institutions. The Company's investments are exposed to credit risk as fully described in note 4 to these financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. At June 30, 2009, the Company's working capital totals \$40,494 and the Company has available an amount of \$698,008 under its credit facilities (note 7). Current liabilities of \$60,557 at June 30, 2009 are due within the next 12 months. Given its limited financial resources, the Company's ability to fund exploration programs and to meet its corporate and administrative obligations on a continuous basis is dependent on its obtaining additional financing, through various means including but not limited to equity financing. The amount and timing of additional funding will be impacted by, among others, the strength of the capital markets.

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Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

3. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL MANAGEMENT (continued)

Currency risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates, as all of the Company's capital assets and deferred exploration expenses are incurred mostly in Australian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at June 30, 2009, financial assets include cash of A \$12,107 (\$11,336), receivables of A \$5,931 (\$5,553) and accounts payable and accrued liabilities of A \$6,645 (\$6,222). A plus or minus 10% change in the foreign exchange rates between the Canadian and Australian dollars would affect shareholders' equity by approximately \$1,100.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage this risk.

The Company's policy as it relates to its cash balances is to invest excess cash in highly liquid, low-risk, short-term interest-bearing investments (such as banker's acceptances, term deposits, guaranteed investment certificates or treasury bills) with maturities of 180 days or less from the original date of acquisition. The Company is also exposed to interest rate changes on its investments that are expected to pay interest. The Company's exposure to interest rate risks arising from its investments is fully described in note 4 to these consolidated financial statements.

The credit facility bears interest at a floating rate. Based on the amount outstanding under the credit facility at June 30, 2009, a plus or minus 1% change in the prime lending rate would affect earnings by approximately \$59,100 over a 12-month period.

Capital management

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. In the management of capital, the Company includes the components of shareholders' equity and borrowings. As long as the Company is in the exploration and development stages of its mining properties, it is not the intention of the Company to contract debt obligations to finance its work programs, except in exceptional circumstances, as has occurred in the case of contracting a credit facility secured by the Company's investments. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt or acquire or dispose of assets. The Company is not subject to any externally imposed capital requirements. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

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4. INVESTMENTS

On June 30, 2009, the Company held investments in Master Asset Vehicles II and III (“MAV II and III”), which had initially been invested in Canadian third-party asset-backed commercial paper (“ABCP”). These investments, which have been designated as held-for-trading, are accounted for at their fair value. The detail of these investments is as follows:

	<u>\$</u>
Nominal amount	
MAV II Senior A-1 notes	1,829,401
MAV II Senior A-2 notes	3,461,022
MAV II Subordinated B notes	628,272
MAV II Subordinated C notes	183,052
MAV II Ineligible class 1 tracking notes	1,037,362
MAV II Ineligible class 2 tracking notes	829,890
MAV III Class 34 tracking notes	383,609
MAV III Class 35 tracking notes	314,333
MAV III Class 36 tracking notes	172,825
	<u>8,839,766</u>
Impairment	(3,883,667)
Fair value at June 30, 2009	<u>4,956,099</u>
Fair value of ABCP at December 31, 2008	<u>5,498,942</u>

In mid-August 2007, the Canadian third-party ABCP market was hit by a liquidity disruption. On August 16, 2007, a group representing banks, asset providers and major investors agreed, pursuant to the Montreal Accord, to a standstill period in respect of ABCP sold by 23 conduit issuers. A Pan-Canadian Investors Committee (the “Committee”) was subsequently established to oversee the proposed restructuring process and on March 20, 2008, the Committee released its proposed restructuring plan through an Information Statement in respect of a Plan of Compromise and Arrangement (the “Plan”), pursuant to the Companies Creditors Arrangement Act (“CCAA”). Note holders approved the Plan on April 25, 2008 and Justice Campbell, presiding over the restructuring under the CCAA, approved the Plan on June 5, 2008. On August 18, 2008, the appeals court of Ontario confirmed Justice Campbell’s decision, following various appeals, and on September 19, 2008, the Supreme Court of Canada released a decision denying leave to appeal from the decision of the Ontario Court of Appeal. On January 21, 2009, the Plan was fully implemented.

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Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

4. INVESTMENTS (continued)

As part of the Plan, the Company received new notes of various classes issued by trusts referred to as MAV II and MAV III, including senior notes (Class A-1 and A-2 notes) and subordinated Class B and C notes. It is anticipated that the Class A-1 and A-2 notes will pay interest and Class B and C notes will accrue interest with payments to be made only after the Class A-1 and A-2 notes have been fully repaid. The Company also received notes referred to as Ineligible Asset Tracking Notes, within MAV II and MAV III, which intent is to track the performance and repayment of the related underlying assets in certain conduits that have significant exposure to the US residential mortgage market. The maturity date of these notes has been extended to provide for a maturity similar to that of the underlying assets. On January 21, 2009, the MAV II Class A-1 and A-2 notes had been assigned an investment grade rating of A by DBRS Limited ("DBRS") and the Class B and Class C and Tracking notes had not been rated. In April 2009, DBRS placed the MAV II Class A-2 notes under review and on August 11, 2009 downgraded the MAV II Class A-2 notes to BBB (low) and maintained the rating under review. On April 23, 2009, the Company received an amount of \$78,351 as partial redemption of the MAV III Class 34 tracking notes and applied this amount as a reduction of the related investment.

At June 30, 2009 the Company established the fair value of the MAV II and III notes that it holds by estimating discounted future cash flows for each category of notes received (using discount rates of between 5.0% and 15.0%), by estimating that certain notes will pay interest at a rate of 0.5% less than the bankers' acceptance rate and by considering the best available market data. This estimation of fair value resulted in a total impairment of \$3,883,667 at June 30, 2009. A total amount of \$464,492 was received in February and April 2009, representing the Company's portion of net interest earned on the ABCP for the period from August 2007 to January 21, 2009. This amount was accounted for as a reduction of the Company's investments. A variation of 1% in discount rates would impact the fair value of investments by approximately \$255,000.

There are currently no market quotations available for the MAV II and III notes. Therefore, there is a significant amount of uncertainty in estimating the amount and timing of cash flows associated with these notes. Since the fair value of the MAV II and III notes held is determined based on the Company's assessment of market conditions as at June 30, 2009, the fair value reported may change materially in subsequent periods.

5. CAPITAL ASSETS

	Cost	Accumulated Depreciation	June 30, 2009 Net	December 31, 2008 Net
	\$	\$	\$	\$
Vehicles	60,948	(41,595)	19,353	29,511
Computer equipment	188,488	(152,683)	35,805	81,846
	249,436	(194,278)	55,158	111,357

At December 31, 2008, the cost of capital assets totaled \$249,436 and accumulated depreciation totaled \$138,079.

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June 30, 2009 (unaudited)

6. EXPLORATION PROJECTS

Through its wholly-owned Australian subsidiaries, Queensland Minerals (Australia) Pty Ltd. ("QMA") and Asmam Pty Ltd. ("Asmam"), the Company has a 100% interest in certain Exploration Permits for Minerals ("EPM") and EPM applications comprising the Sybil Graben, Lynd River and Mungana gold exploration projects. These mineral properties are located in the State of Queensland, Australia. On December 12, 2007, QMA also entered into a Heads of Agreement with Echo Resources Limited ("Echo"), an Australian-listed public company, to earn an interest of up to 70% in Echo's Reedy Creek Project, which consists of two exploration permits, located in close proximity of the Company's Anastasia Prospect on the Lynd River Project.

Following extensive exploration programs conducted in 2007 and 2008 on most EPMS and Mining Leases held or under option and its assessment of results obtained, the Company decided to write-down to nil, during the 4th quarter of 2008, costs incurred on all projects other than the Dingo Peak target located on the Mungana project. As such, an amount of \$7,530,769 was charged to operations in 2008 as Write-down of exploration projects. In early 2009, the Company advised Echo that it was withdrawing from the two exploration permits included in the option agreement as a result of disappointing exploration results. The Company is presently reviewing various alternatives concerning the remaining EPMS, including optioning and/or entering into partnership agreements.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. Although the Company has taken steps to verify title to 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.

Bank guarantees, totaling A \$28,000, have been provided over some of the EPM of the Sybil Graben, Lynd River and Mungana projects. These guarantees are held by the vendor and have not yet been transferred to the Company. 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 EPMS are 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.

Accumulated costs of \$1,526,591 at June 30, 2009 and December 31, 2008 have all been incurred on the Dingo Peak target on the Mungana project.

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June 30, 2009 (unaudited)

7. CREDIT FACILITIES

	June 30, 2009	December 31, 2008
	\$	\$
Long-term		
Temporary bank loan (a)	5,912,160	-
Revolving credit facilities (b)	-	-
	5,912,160	-
Due within the next year	-	-
	5,912,160	-
Short-term		
Temporary bank loan (a)	-	6,163,464
	-	6,163,464

- (a) On August 30, 2007 (with various subsequent amendments), the Company entered into a temporary bank loan of up to an amount not exceeding \$6,300,000, secured by the Company's investments in the restructured ABCP (note 4), to fund working capital requirements. The amounts drawn under the temporary bank loan bear interest at prime less 1.50% (0.75% at June 30, 2009). On July 3, 2009, the amount outstanding under the temporary bank loan was reimbursed from the proceeds of the revolving credit facilities described in (b) below.
- (b) On May 29, 2009, the Company entered into two credit facility agreements with its lender, for a total loan amount of \$6,610,168, in replacement of the temporary bank loan described in (a). The term facilities, which bear interest at prime less 1%, subject to the respect of certain conditions, are available initially for 2 and 3-year periods, respectively and under certain conditions can each be further extended to a total period of 7 years.

The first Credit Facility (initially available for a 3-year period) is made available in two tranches, with tranche A not to exceed \$2,745,752 and tranche B not to exceed \$1,830,502. The tranche A facility is secured by the Company's investments in MAV II, Senior A-1 and A-2 notes and the Subordinated B and C notes (note 4) and the tranche B facility is secured by the MAV II Senior and Subordinated notes as well as a general security interest in the universality of all of the Company's assets. The second Credit Facility (initially available for a 2-year period) is made available in an amount not to exceed \$2,033,914 and is secured by the Company's investments in MAV II, Ineligible class 1 and class 2 tracking notes and the MAV III, class 34, class 35 and class 36 tracking notes.

Cash proceeds from the sale of the MAV II and III notes will automatically be applied, at that time, to the amount of the outstanding related borrowings. On July 3, 2009, the Company provided a notice of borrowing to its lender in the amount of \$6,400,000. Consequently, amounts outstanding under the temporary bank loan were reimbursed on that day and replaced with an amount outstanding under the first Credit Facility of \$4,576,254 and under the second Credit Facility of \$1,823,746.

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June 30, 2009 (unaudited)

8. CAPITAL STOCK

Six-months ended June 30, 2009	Number of Shares	Amount
		\$
Authorized		
Unlimited number of common shares without par value		
Issued and fully paid - common shares		
Balance, beginning and end of period	52,400,768	14,493,343

Warrants

Number of warrants	Six-months ended June 30, 2009
Balance, beginning and end of period	4,828,750

At June 30, 2009, the outstanding number of warrants exercisable into common shares is as follows:

	Number of warrants				Number of Warrants		Price per share	Expiry date
	Dec 31, 2008	Issued	Exercised	Expired	June 30, 2009			
Private placement – Sept 2008	4,758,750	-	-	-	4,758,750	\$	0.40	2010-03-05
Finder's warrants – Sept 2008	70,000	-	-	-	70,000		0.20	2010-03-05
	4,828,750	-	-	-	4,828,750			

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June 30, 2009 (unaudited)

8. CAPITAL STOCK (continued)

Stock options

The following table sets out the activity in stock options:

	2 nd quarter ended June 30, 2009	Six-months ended June 30, 2009
Number of Options		
Balance, beginning of period	3,210,000	3,210,000
Cancelled	(280,000)	(280,000)
Number of options outstanding, end of period	2,930,000	2,930,000

Stock option transactions are summarized as follows:

Grant date	Exercise price	Balance, Dec 31, 2008	Granted	Cancelled	Balance, June 30, 2009	Number of options exercisable	Residual exercise Period
	\$						
Mar 1, 2007	0.60	1,755,000	-	(10,000)	1,745,000	1,745,000	2.7 years
Mar 26, 2007	0.60	10,000	-	(10,000)	-	-	-
June 14, 2007	0.60	250,000	-	-	250,000	250,000	3.0 years
Dec 17, 2007	0.60	1,045,000	-	(110,000)	935,000	876,667	3.5 years
March 17, 2008	0.43	150,000	-	(150,000)	-	-	-
		3,210,000	-	(280,000)	2,930,000	2,871,667	

Details of the stock options granted are as follows:

	2 nd quarter ended June 30,		Six-months ended June 30,	
	2009	2008	2009	2008
Number of options granted	-	-	-	150,000
Weighted-average fair value of options granted	-	-	-	\$0.31
Expected life of options	-	-	-	5 years
Semi-annual risk free interest rate	-	-	-	2.9%
Volatility rate	-	-	-	91%
Dividend factor	-	-	-	-
Vesting period	-	-	-	2 years

Queensland Minerals Ltd.

(an exploration stage Company)

Notes to Consolidated Financial Statements

June 30, 2009 (unaudited)

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of nil during the 2nd quarter ended June 30, 2009 and \$24,804 during the six-month period ended June 30, 2009 (\$77,120 during the 2nd quarter ended June 30, 2008 and \$146,674 during the six-month period ended June 30, 2008) to a company controlled by an officer and director of the Company.

c) Paid or accrued professional and administration fees of \$41,076 during the 2nd quarter ended June 30, 2009 and \$82,152 during the six-month period ended June 30, 2009 (\$124,107 during the 2nd quarter ended June 30, 2008 and \$247,556 during the six-month period ended June 30, 2008) to Reunion Gold Corporation, a Company under common management.

An amount of \$3,397 was due to Reunion Gold Corporation at June 30, 2009 (\$22,618 at December 31, 2008). This amount is non-interest bearing and has no specific repayment terms.

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.

10. SEGMENTED INFORMATION

The Company operates in Australia in one business segment being the acquisition and exploration of mineral properties. All deferred exploration expenses have been incurred in Australia.