



**outback**metals

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**OUTBACK METALS LIMITED**

ABN 74 126 797 573

**HALF YEAR FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

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# OUTBACK METALS LIMITED ABN 74 126 797 573 AND CONTROLLED ENTITIES

## Interim Financial Report

### DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2008.

#### Directors

The names of directors who held office during or since the end of the half-year:

Leonard Anthony Dean - Chairman and Non-Executive Director

Richard Anthony McGill - Non-Executive Director

Chee Kok Teo - Non-Executive Director

Christopher Terence Jordinson - Chief Executive Officer and Executive Director

#### Review of Operations

##### Mt. Wells Drilling Programme

The Mt. Wells drilling exploration programme began on the 10<sup>th</sup> August, 2008 and included the twinning (drilled parallel to) of previously drilled exploration holes and testing of the extensions to the north of the main lode. The drilling component of this programme was completed in early November 2008 and the results to date have been very encouraging and provided a good correlation to the previously drilled exploration holes and may be included in determining a JORC compliant resource for Mt Wells.

The resource estimate work has commenced and completion of the geological model is expected in the first quarter of 2009.

Historical estimates have previously been published for Mt Wells in Outback Metal's Prospectus and Outback has also, subsequent to the period of this report made announcements in relation to the outcomes of the Mt. Wells drilling programme, both of which are available on our website at [www.outbackmetals.com](http://www.outbackmetals.com).

##### Admission to the Official List of the Australian Securities Exchange

The Prospectus of the Company dated and lodged with the Australian Securities and Investments Commission on the 4<sup>th</sup> June, 2008, and supplementary prospectus dated the 15<sup>th</sup> July, 2008, 6<sup>th</sup> August, 2008 and 8<sup>th</sup> August, 2008 was closed on the 14<sup>th</sup> August, 2008. The Company raised a total of \$4,458,700 under the Prospectus, represented by an issue of 22,293,500 ordinary fully paid shares at an issue price of \$0.20 per share, and 11,146,750 options have been issued to applicants under the Prospectus exercisable at 30 cents each on or before 17<sup>th</sup> December 2010.

The Company was admitted to the official list of ASX Limited on Wednesday, 27<sup>th</sup> August 2008 with official quotation of the Company's securities on Tuesday, 2<sup>nd</sup> September 2008.

On the 14<sup>th</sup> August, 2008 Outback Metals Limited issued 26,747,750 shares to Graham Chrisp and 73,252,250 shares to Bynoe Investments Limited in consideration for debt settlement related to the acquisition of Corporate Developments Pty Ltd and Softwood Plantations Pty Ltd. On the 14<sup>th</sup> August, 2008 Outback Metals Limited acquired, for total consideration of \$6,200,000 all the issued capital of Victory Polymetallic Pty Ltd under the Share Exchange Agreement dated 23<sup>rd</sup> November 2007 (as varied). On the 14<sup>th</sup> August, 2008 the company issued 3,750,000 options to Directors of the company. Additionally, the Company issued 500,000 options to the Secretary of the Company, 750,000 to Peter Eric Cox and 2,000,000 options to the geologist, William Fraser and 11,146,750 attaching options to share holders.

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**Interim Financial Report**

**DIRECTORS' REPORT**

***Auditor's Independence Declaration***

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 3 for the half-year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors.



Director .....

Leonard Anthony Dean

Dated 10<sup>th</sup> March 2009

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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF OUTBACK METALS LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Outback Metals Limited for the half-year ended 31 December 2008, 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.

*Grant Thornton NSW*

GRANT THORNTON NSW  
Chartered Accountants

Grant Layland  
Partner

10 March 2009

**OUTBACK METALS LIMITED ABN 74 126 797 573  
AND CONTROLLED ENTITIES**

**Interim Financial Report**

**CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>Consolidated Group</b>	
	<b>31.12.2008</b>	<b>31.12.2007</b>
	<b>\$</b>	<b>\$</b>
Revenue		
Loans Forgiven	-	2,077,057
Interest Revenue	60,720	-
	<u>60,720</u>	<u>2,077,057</u>
<b>Expense</b>		
Audit Fees	13,430	10,500
Repairs and maintenance	-	422
Write-off of exploration cost	-	1,250,218
Finance Costs	1,163	-
Loss on business combination	5,779,022	7,840,095
Depreciation expense	17,101	-
Employee benefits expense	429,555	-
Capital raising expense	368,378	-
Administrative expense	374,709	911
Exploration and evaluation expenditure	7,538	-
	<u>6,990,896</u>	<u>9,102,146</u>
Loss before Income Tax expense	<u>6,930,176</u>	<u>7,025,089</u>
<b>Income Tax Expense</b>	-	-
	<u>6,930,176</u>	<u>7,025,089</u>
<b>Loss attributable to members of the company</b>	<u>6,930,176</u>	<u>7,025,089</u>
Basic and Diluted loss per share (cents per share)	(0.06)	(702,508,900)

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**OUTBACK METALS LIMITED ABN 74 126 797 573  
AND CONTROLLED ENTITIES**

**Interim Financial Report**

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008**

	<b>Consolidated Group</b>	
	<b>31.12.2008</b>	<b>30.06.2008</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2,050,141	2,237,200
Trade and other receivables	257,535	-
Other current assets	156,391	-
<b>TOTAL CURRENT ASSETS</b>	<u>2,464,067</u>	<u>2,237,200</u>
<b>NON-CURRENT ASSETS</b>		
Exploration and evaluation assets	1,241,561	-
Property, plant and equipment	150,051	-
<b>TOTAL NON-CURRENT ASSETS</b>	<u>1,391,612</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>3,855,679</u></u>	<u><u>2,237,200</u></u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	279,142	2,255,000
Other current liabilities	141,809	7,014,595
Provisions	18,128	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>439,079</u>	<u>9,269,595</u>
<b>TOTAL LIABILITIES</b>	<u>439,079</u>	<u>9,269,595</u>
<b>NET ASSETS</b>	<u><u>3,416,600</u></u>	<u><u>(7,032,395)</u></u>
<b>EQUITY</b>		
Issued capital	17,254,313	1
Reserves	124,859	-
Accumulated Losses	(13,962,572)	(7,032,396)
<b>TOTAL EQUITY</b>	<u><u>3,416,600</u></u>	<u><u>(7,032,395)</u></u>

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**Interim Financial Report**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED  
31 DECEMBER 2008**

	Issued Capital Ordinary	Accumulated Losses	Reserves	Total
<b>Balance at 1.7.2007</b>	-	-	-	-
Loss for the period	-	(7,032,396)	-	(7,032,396)
Total recognised income & expense for the period	-	(7,032,396)	-	(7,032,396)
Shares Issued	1	-	-	1
<b>Balance at 31.12.2007</b>	-	<b>(7,032,396)</b>	-	<b>(7,032,395)</b>
<b>Balance at 1.7.2008</b>	1	(7,032,396)	-	(7,032,395)
Loss for the period	-	(6,930,176)	-	(6,930,176)
Total recognised income & expense for the period	-	(6,930,176)	-	(6,930,176)
Shares Issued	17,673,295	-	-	17,673,295
Options issued to Management and Directors	-	-	124,859	124,859
Share Issue Costs	(418,983)	-	-	(418,983)
<b>Balance at 31.12.2008</b>	<b>17,254,313</b>	<b>(13,962,572)</b>	<b>124,859</b>	<b>3,416,600</b>

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**Interim Financial Report**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Consolidated Group	
	31.12.2008	31.12.2007
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	60,720	-
Payments to suppliers and employees	(1,229,082)	-
Net cash (used in) provided by operating activities	(1,168,362)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash flow from acquisition of subsidiary	184,883	-
Exploration and evaluation expenditure	(1,120,460)	-
Purchase of property plant and equipment	(61,500)	-
Equity investment expenditure	(6,319)	-
Net cash used in investing activities	(1,003,396)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of IPO shares	2,224,700	-
Proceeds from the issue of shares	-	1
Proceeds from borrowings	200,000	-
Repayment of borrowings	(440,001)	-
Net cash used in/provided by financing activities	1,984,699	1
Net increase / (decrease) in cash held	(187,059)	1
Cash at beginning of period	2,237,200	6
Cash at end of period	2,050,141	7

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**OUTBACK METALS LIMITED ABN 74 126 797 573  
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**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

**NOTE 1: BASIS OF PREPARATION**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Outback Metals Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial 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 applied.

**NOTE 2: CASH AND CASH EQUIVALENTS**

	<b>Consolidated Group</b>	
	<b>31.12.2008</b>	<b>30.06.2008</b>
Cash at bank and on hand	2,050,141	2,237,200

**NOTE 3: ACQUISITION OF SUBSIDIARY**

As reported in the annual financial report, the parent entity acquired 100% of Victory Polymetallic Pty Ltd on 14 August, 2008. The purchase was satisfied by the issue of 31,000,001 ordinary shares at an issue price of \$0.20 each. The Company, Victory Polymetallic Pty Ltd (Victory) and the shareholders of Victory entered into a Share Exchange Agreement (SEA) dated 23 November, 2007 (as varied). Pursuant to the SEA, all the shareholders of Victory (Exchanging members) agree to transfer their shares (Exchanging Shares) in Victory to the Company free from all encumbrances. The Company agrees to issue shares to the Exchanging members in proportion their Exchanging Shares (New Shares).

The parties acknowledge and agree that the share exchange pursuant to the SEA is for the purpose of effecting a Scheme of Reorganisation being the transfer of the Exchanging Shares and the issue of the New Shares and is to be effected with the benefit of a capital gains tax rollover pursuant to the Subdivision 124-G of the Income Tax Assessment Act 1997.

The acquisition of Victory has been prepared using a pooling of interests method as it was determined that the business combination involved entities under common control and hence it is considered to be outside the scope of AASB 3. Common control is established when the combining entities are ultimately controlled by the same party both before and after the combination. Pooling of interests method allows assets and liabilities of the acquiree to be recorded and consolidated at book value and no goodwill is recognised. The difference between the cost of acquisition and the acquiree's equity has been recorded as an expense and forms part of 'Loss of business combination'. At purchase date Victory had accumulated losses of \$1,059,022.

**NOTE 4: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**OUTBACK METALS LIMITED ABN 74 126 797 573  
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**Interim Financial Report**

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

Queensland Ores Limited Short Term Funding

On the 15<sup>th</sup> December, 2008 the Company entered into a Binding Term Sheet with Queensland Ores Limited which outlined the general terms on which the Company would loan, subject to some conditions precedent \$600,000 to Queensland Ores Limited. Subsequent to the period of this report the Company entered into a Deed of Loan, a Fixed Charge Over Assets and a Priority and Subordination Deed with Queensland Ores Limited, its subsidiaries and other relevant parties and the loan to Queensland Ores Limited of \$600,000 was provided.

Takeover Bid for Queensland Ores Limited

The Company has identified Queensland Ores Limited as a takeover target and on the 18<sup>th</sup> February, 2009 and subsequent to the period of this report the Company and Queensland Ores Limited entered into a Takeover Bid Implementation Agreement and made a joint Australian Securities Exchange announcement to the market. The Takeover Bid Implementation Agreement sets out the terms of Company's takeover bid. As announced to the market on the 18<sup>th</sup> February, 2009 this will be a script-only Offer whereby QOL shareholders will receive 1 (one) fully paid ordinary share in OUM for every 4.79 (four point seven nine) issued and fully paid QOL shares.

NOTE 6: ISSUED CAPITAL

	<b>Consolidated Group</b>	
	<b>31.12.2008</b>	<b>30.06.2008</b>
	<b>\$</b>	<b>\$</b>
Ordinary Shares	17,254,313	1
<b>Ordinary Shares</b>		
At the beginning of the reporting period:	1	1
Shares Issued:		
Issued at \$0.20 per share pursuant to the Share Sale Agreement on the 14 August 2008	5,349,550	-
Issued at \$0.02 per share pursuant to the Share Sale Agreement on the 14 August 2008	1,465,045	-
Issued at \$0.20 per share pursuant to the Share Exchange Agreement on the 14 August 2008	6,200,000	-
Issued at \$0.20 per share pursuant to the Share Sale Agreement on the 14 August 2008	200,000	-
Issued at \$0.20 per share pursuant to the Company's Initial Public Offering on the 14 August 2008	4,458,700	-
Shares issued during the period	17,673,295	
Capital Raising Costs	-418,983	
<b>At reporting date:</b>	<b>17,254,313</b>	<b>1</b>

NOTE 7: SEGMENT REPORTING

The consolidated group's sole activities during the period were exploration, evaluation and development and the group operates in Australia.

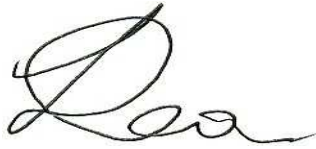
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**OUTBACK METALS LIMITED ABN 74 126 797 573  
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**Interim Financial Report  
DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 9 :
  - 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 2008 and of its performance for the half-year ended on that date.
2. In the directors' 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.



Director

---

Leonard Anthony Dean

Dated this 10<sup>th</sup> March, 2009

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OUTBACK METALS LIMITED**

We have reviewed the accompanying half-year financial report of Outback Metals Limited which comprises the consolidated balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both the Company and the entities it controlled at the half-year's end or from time to time during that half-year.

### **Directors' responsibility for the half-year financial report**

The directors of the Company 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 consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of Interim and Other Financial Reports 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 2008 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 Outback Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF OUTBACK METALS LIMITED (cont)**

**Auditor's responsibility (cont)**

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 Outback Metals 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 2008 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

*Grant Thornton NSW*

GRANT THORNTON NSW  
Chartered Accountants

*h layland*

Grant Layland  
Partner

10 March 2009

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