QUEENSLAND MINING CORPORATION LIMITED
AND CONTROLLED ENTITIES
ABN 61 109 962 469

ANNUAL REPORT
For The Year Ended
30 June 2017

QUEENSLAND MINING

CONTENTS

CEO REPORT

As you might be aware, the resource sector has shown significant signs of recovery in commodity prices over the last 12 months. Given the short supply and stable demand on the market, the copper price continues to strengthen from the low point encountered early last year to a much more favourable level that all miners are experiencing at the moment with the potential to increase further in 2018.

To take advantage of the upside trend of the resource market, the Company has been actively talking to different parties who are interested to invest in copper. A variety of options have been explored to maximise the value of our White Range project; either through 'toll-treatment' collaboration with local processing plants or via a standalone heap leach operation under strategical alliance with other parties.

To follow up the 2005 feasibility study, a reputable consulting firm has been engaged to carry out a scoping study for the White Range project. In view of the open pittable high grade nature of the resources, preliminary pit-optimisation results have shown very robust economic features of the project.

While I am writing this letter, a new drilling campaign has just been completed in the Young Australian area to extend the existing resource and to further test the newly discovered mineralisation zones in 2015. Whilst the assay results are being awaited, visual examination of drill cuttings and check by hand held XRF have identified significant copper mineralisation from several holes in the program. This again demonstrates the exploration upside of the White Range project.

Following the strategy we set in 2016, the company has spun off some non-core assets in the last 12 months to minimise the holding cost and to improve the quality of our portfolio. As you can see in the annual financial report, your company's cash balance stands at $5 million, which provides us with sufficient funds for the ongoing exploration activities and general working capital requirement.

Once again, on behalf of the board, I would like to thank you for your support and patience with the company during the prolonged downturn of the mining industry. We look forward to providing you with more exciting news in the next few months.

Yours sincerely,

Eddy Wu
Director and CEO

OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activities of the Group during the financial year were the exploration for and evaluation of mineral resources at the consolidated entity's mining tenements predominately situated in Queensland, Australia. There were no changes in the nature of the principal activities during the financial year.

Our Business Model and Objectives

Providing satisfactory long term returns to our shareholders is our primary objective. We are working to deliver this objective through our business model of holding a portfolio of mining tenements in Queensland and annual exploration programs to expand our mineral resources reserve. Apart from our own technical team, we are also seeking experience joint venture partners to assist in developing and mining of these identified reserves.

Operating Results

The consolidated loss of the Group amounted to $7,751,293 (2016: $2,215,112) after providing for income tax. Discussion on the Group's operations is provided below.

Review of Operations

Introduction

The Company's exploration strategy during the 2016/2017 financial year has been focused on the increase of leachable copper resources within the White Range project area. The activities undertaken during the current reporting period mainly include the completion of 13 RC holes for 1,446m in the Copper Canyon prospect in south Cloncurry. Prior to the commencement of this RC drilling program, bedrock geochemical drilling of 313 shallow holes for 1,921m and some XRF based termite mound sampling were carried out to define drill targets in alluvium-covered areas of the prospect.

In addition, geological mapping and XRF based soil sampling were carried out in Young Australian and Black Fort South prospects in the first half of 2017. The purpose of this program was to define additional drill targets for testing in the 2017 field season.

Last but certainly not the least, the Company has engaged MEC Mining Group to undertake a scoping study on its flagship White Range copper project. The study will incorporate all the six resources forming the current White Range project and aim to provide a preliminary financial analysis of the project under the current market conditions. The study is scheduled to complete in September 2017. Details of the operations are presented as follows:

Copper Canyon

The Copper Canyon prospect is located approximately 25 km south of Cloncurry in northwest Queensland (Figure 1). It is situated in the northeast part of MDL204 which lies on the eastern flank of the regionally prominent Marimo basin in the Cloncurry mineral province. MDL204 covers a total area of 1,920 ha and is 100% owned by QMC's subsidiary White Range Mines Pty Ltd. The prospect also forms part of the Company's White Range project and is only about 10km north of the Greenmount deposit which contains the single largest copper resource for the project.

The ground held under MDL204 has seen intermittent exploration since the 1980s by a number of companies including Valdora Minerals, Homestake Australia, Majestic Resources and Matrix Metals. As part of a joint venture with Valdora Minerals covering a larger area in the White Range project, Homestake Australia Ltd undertook extensive exploration work throughout the tenement from 1986 to 1996. Of particular importance, 37 RC holes and 1 diamond holes were drilled in 1992 in north Copper Canyon and significant copper mineralisation including 56m@ 1.58% Cu and 0.7g/t Au from 64m in Hole CCNRC27 was reported. However, due to the exploration rationale of Homestake Australia being to target large scale gold deposits, not all holes were assayed for copper. In addition, cobalt was not analysed in all the drill and soil samples.

Previous drilling undertaken by Homestake, Majestic Resources and Matrix Metals reported significant intersections but the mineralisation revealed is highly variable both along strike and down dip. The drilling orientation is based on the interpretation of a synclinal structure for the Copper Canyon area and hence almost all the holes were drilled towards east. QMC's new structural interpretation is an imbricate thrust fault system, which controls the multiple zones or lenses of copper mineralisation in Copper Canyon. In addition, Homestake's drillholes were primarily sited for gold targets and copper was not their main focus.

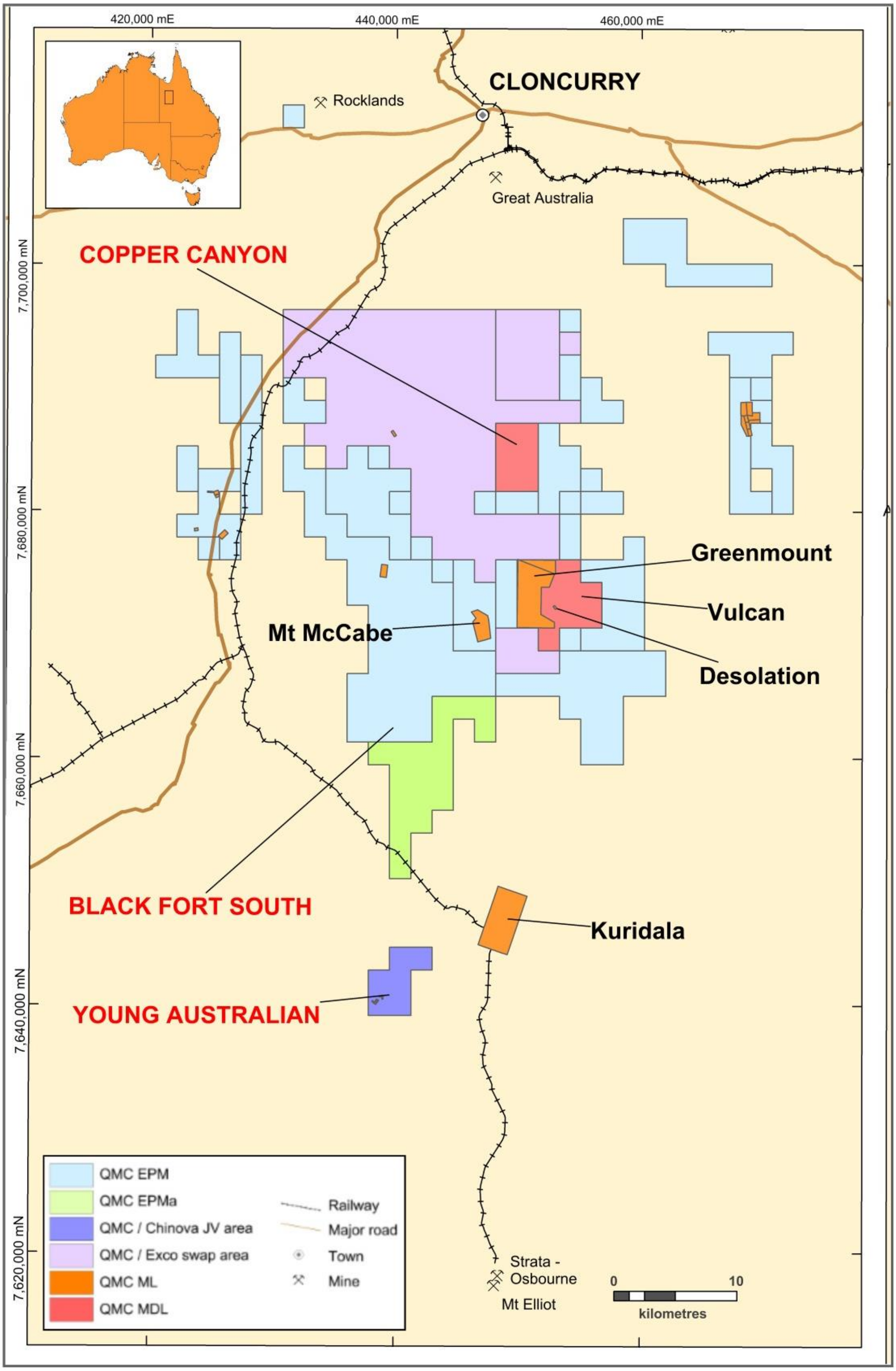

Figure 1 Regional location of the Copper Canyon, Young Australian and Black Fort South prospects.

In order to test the new exploration model, QMC completed 10 RC holes for a total of 1,028m in April 2016. The drilling has intersected significant copper mineralisation with substantial gold and cobalt values, as well as the first occurrence of high grade molybdenum mineralisation. The highlights from the assay results include 37m @ 0.78% Cu, 0.50g/t Au and 976ppm Co from 54m, including a higher grade intersection of 8m @ 2.27% Cu, 1.61g/t Au and 1,237ppm Co from 59m in Hole CC16RC01; 9m @ 1.02% Cu, 0.47g/t Au and 268ppm Co from 58m, including a higher grade intersection of 3m @ 2.37% Cu, 1.13g/t Au and 261ppm Co from 60m in Hole CC16RC10 plus 7m@ 3.0% Mo, 0.94g/t Au and 8.0g/t Re from 46 in Hole CC16RC06.

In August 2016 a bedrock geochemical drilling program was performed at the Copper Canyon prospect with the aim of defining new areas of copper or molybdenum mineralisation under thin alluvial cover. The program straddled the boundary between MDL 204 and EPM 15740 and consisted of 313 shallow holes (between 4m and 17m) for a total of 1,921m. A termite mound sampling program was completed in conjunction with this, to provide consistent geochemical coverage over the entire prospect area.

Several targets were identified, including a large copper anomaly in the southern end of the prospect and two smaller molybdenum anomalies in the northern end. These areas were tested with follow-up RC drilling in early October 2016 with initial encouraging results.

In addition, termite mound sampling was also completed over the western margins of the prospect where topography is too steep for RAB drilling and soil sampling was unlikely to be successful due to the amount of scree. The program consisted of 310 samples, spaced at 20m, with 100m line spacings. Samples were analysed in the field using a portable XRF device, allowing very rapid collection of the data in a cost efficient manner.

Results outlined several copper anomalies that correlate well with the bedrock drilling results. In addition, one molybdenum anomaly was also defined and again this correlated well with the bedrock drilling results. This anomaly was tested by two RC holes in the most recent drilling program with one hole reporting 15m @ 0.10% Mo from 28m in silicified and variably pyritic shale.

In October 2016, QMC completed a second RC drilling program at Copper Canyon, consisting of 13 holes for a total of 1,446m (Figure 2 and 3). The program was designed to follow up intersections from earlier drilling, including the bedrock geochemical program completed in August of 2016. The drilling has intersected additional high grade molybdenum mineralisation, with associated gold and silver, as well as zones of anomalous copper. The highlights from the assay results include:

- 8m @ 0.70% Mo, 1.59g/t Au, and 37ppm Ag, including
  2m @ 2.16% Mo, 4.57g/t Au and 90g/t Ag from 69m in Hole CC16RC11
- 19m @ 0.30% Cu and 0.14g/t Au from 28m in Hole CC16RC12
- 2m @ 1.19% Cu from 91m in Hole CC16RC16
- 4m @ 0.70% Cu and 0.45g/t Au from 83m in Hole CC16RC17
- 15m @ 0.10% Mo from 48m in Hole CC16RC18
- 4m @ 0.27% Cu, 2.19g/t Au, and 873ppm Co from 61m in Hole CC16RC21

OPERATING AND FINANCIAL REVIEW (continued)

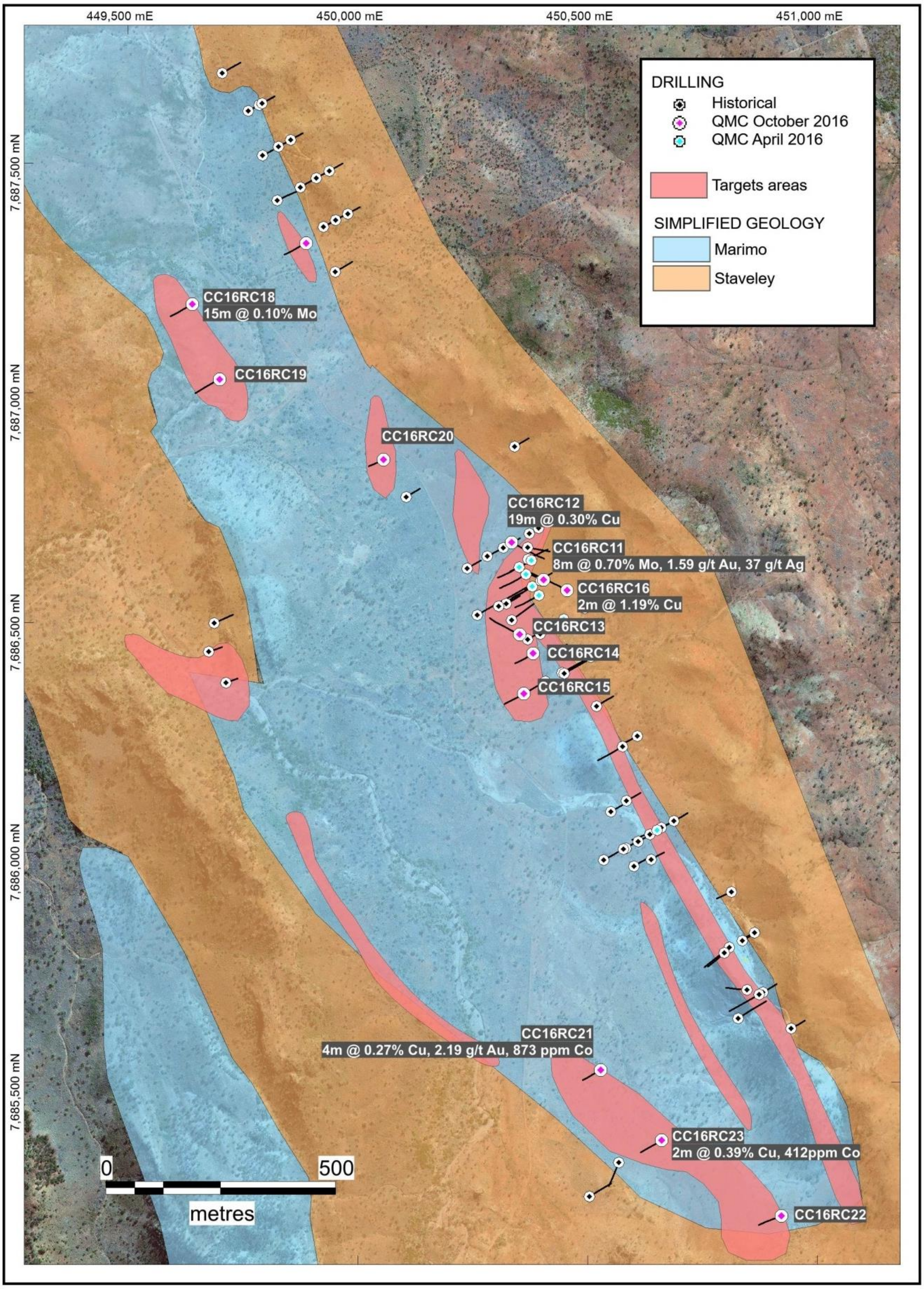

Figure 2 Location of Phase 2 RC holes in the Copper Canyon area

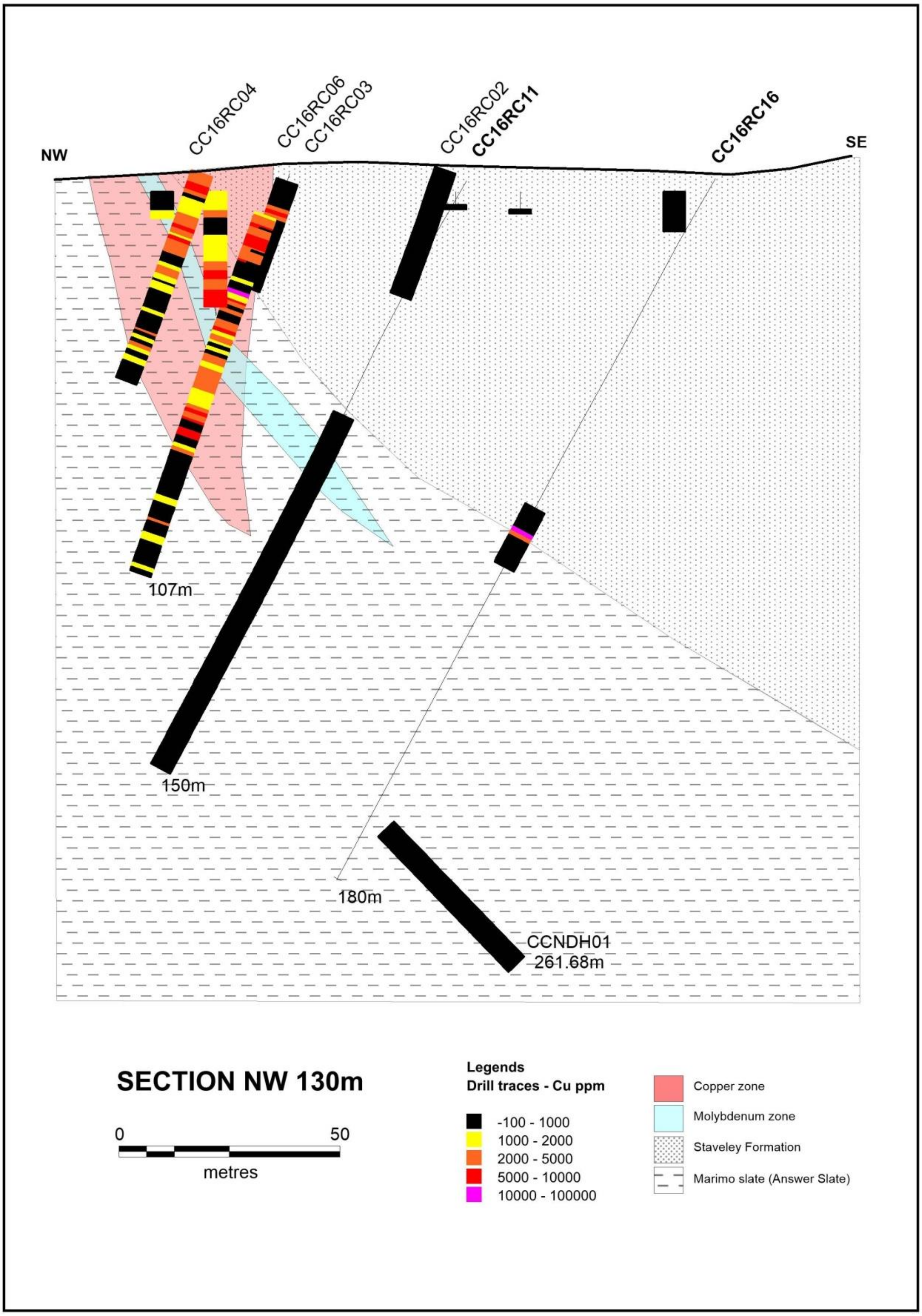

Figure 3 Cross section through CC16RC11, CC16RC16 and historical holes showing copper mineralisation at Copper Canyon North (looking northeast)

The second round of drilling at Copper Canyon North did not return the same quality of intersections as the first round. However, it has significantly increased our knowledge of the prospect. It has also indicated that the structure is quite complex and the controls on mineralisation are still poorly understood, leaving some scope for re-interpretation. Furthermore, the molybdenum intersected in Hole CC16RC18 is a new zone that is still open along strike and down dip and additional drilling is warranted to outline this new mineralised zone. The Company's technical team will review the drill results during the wet season and the outcome will assist in planning follow-up programs to realise the full potential of the Copper Canyon prospect.

Young Australian
The Young Australia prospect consists of four mining leases (100% QMC interest) and surrounding six sub-blocks within EPM 18912 which is owned by Chinova Resources and from which QMC has the exclusive rights to explore for mineralisation until June 2020. QMC also has an option to require Chinova Resources to apply for a mining lease over all or any part of these six sub-blocks for QMC within the timeframe of the agreement. The prospect also forms part of the Company's flagship White Range project.

The Young Australian prospect is centered approximately 70km south of Cloncurry in northwest Queensland (Figure 1). QMC has carried out intense exploration in the area from 2008 to 2015 with a total of 69 RC holes being drilled for 8,950m. A JORC resource update undertaken in July 2016 reported a total resource of 5.1Mt@ 0.79% Cu, including 2.2 Mt @ 0.93% Cu in the indicated category and 2.9Mt @ 0.68% Cu in the inferred category, for the Young Australian deposit. It is worth noting that this resource is open towards north along strike.

In addition, QMC's exploration program in 2015 discovered a new mineralised zone (Tank Hill Zone) up to 1,000m long located about 300m east of the main Young Australian mineralised zone. The best hole drilled on this new zone yielded 26m@ 1.56% Cu from 59m. Subsequent geological reconnaissance has identified more breccia outcrops 300m further to the northeast of the Tank Hill zone. In addition, much of the valley between the main Young Australian zone and the Tank Hill zone is covered with shallow alluvium, which could effectively mask any mineralisation to be found by previous explorers.

Exploration work carried out by QMC during the current year mainly included geological mapping over the entire JV area. The mapping was conducted at a 1:2,500 scale and identified a significant breccia zone in the central north of the prospect, approximately 2,000m northeast of the existing Young Australian resource. This new breccia zone trends near E-W and corresponds to the shoulder of the Young Australian anticline. The strike length of the breccia zone is about 300m and the width is up to 30m. Limited hand held XRF results show a maximum value of 0.36% Pb for the breccia zone. Sporadic copper grass was also noted in some parts of the breccia zone (Figure 2). Historic geochemical surveys have overlooked this breccia zone as survey lines ran sub parallel to its strike in an east to west orientation. Three RC holes have been planned to test this new target in September 2017.

Black Fort South
The Black Fort South prospect is located approximately 50km south-southwest of Cloncurry and 12 kilometres southwest of Greenmount and forms part of the White Range project (Figure 1). The surrounding tenement is EPM17602 which is in JV with Findex Pty Ltd (15%). The prospect is about 4km south of Black Fort where QMC undertook two phases of RC and diamond drilling in 2010 and 2014, respectively.

The local geology comprises calcareous and ferruginous siltstone, shales, phyllite, metavolcanics and jaspilite rocks of the Overhang Jaspilite unit of the Mid Proterozoic Mary Kathleen Group. The same unit also hosts the large Rocklands copper deposit near Cloncurry which is currently being mined by Cudeco Limited. The sedimentary sequence has been strongly deformed with the development of NE trending folds and NNE striking faults and shear zones showing widespread alteration and brecciation.

Previous exploration has identified several copper geochemical anomalies on or near the noses of folds defined by black shale and quartzite beds. One RC hole partially testing the northern target in 2011 returned an encouraging result of 28m@ 0.15% Cu from 6m.

OPERATING AND FINANCIAL REVIEW (continued)

Detailed geological mapping was undertaken during the current year for an area of ca. 2km (N-S) by 1km (E-W) in Black Fort South. The mapping has identified several outcrops with intense ductile breccia and complex deformation. Ironstone alteration is very common and tends to be associated with silification and carbonate alteration in the jaspilite unit with occasional malachite staining (Figure 4). QMC will continue to assess the area with hand held XRF soil sampling and lab based rock chip sampling in the next quarter with the aim to define priority targets for drill testing next year.

OPERATING AND FINANCIAL REVIEW (continued)

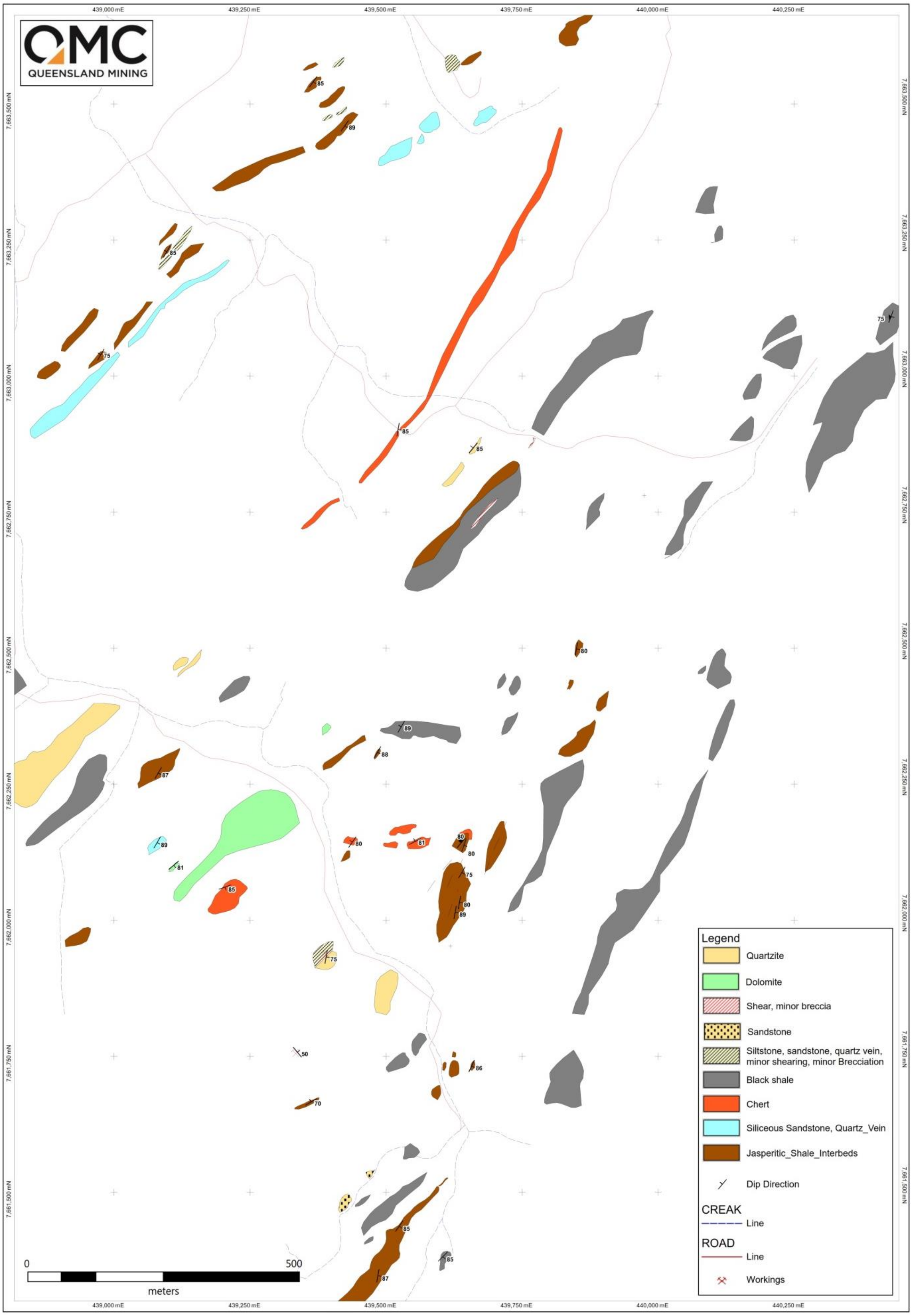

Figure 4 Geological map over the Black Fort South area showing the distribution of breccia and alteration zones

Competent Person's Statement:
The mineral resources estimates mentioned in this report were previously reported in Young Australian Resources Update released on 26 July 2016. The Company confirmed that it is not aware of any new information or data that materially affects the information included in the relevant announcements and, in the case of estimates of mineral resources that all material assumption and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Guojian Xu, a Member of Australasian Institute of Mining and Metallurgy. Dr Xu is a consultant to Queensland Mining Corporation Limited through Redrock Exploration Services Pty Ltd. Dr Xu has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Dr Xu consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Financial Position
The net assets of the Group have decreased from $27,554,591 as at 30 June 2016 to $24,478,364 in 2017. This decrease is largely due to the following factors:

- The 1 for 1 Right Issue completed in August 2016 raised a total of $4.68 million before expenses.
- The impairment of assets amounted to $6.77 million was charged to profit or loss during the year.

In Addition, the Group has successfully sold several non-core mining assets during the financial year. As a result, the Group's working capital, being current assets less current liabilities, has improved from $928,227 in 2016 to $5,158,698 in 2017.

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs
The following significant changes in the state of affairs of the parent entity occurred during the financial year:

i. On 4 August 2016, the company issued 1,137,942,404 ordinary shares at $0.004 each to shareholders on the basis of one share for every one share held.
ii. On 29 August 2016, the company issued 31,990,850 ordinary shares at $0.004 each to a shareholder as placement of short-fall shares resulted from the 1 for 1 Rights Issue.
iii. On 29 August 2016, the company issued 6,818,200 ordinary shares to Redrock Exploration Services Pty Ltd as full settlement of $34,091 exploration consultancy services provided.
iv. On 23 September 2016, the Company issued 7,500,000 ordinary shares at $0.004 each to a shareholder as placement of short-fall shares resulted from the 1 for 1 Rights Issue.
v. On 25 January 2017, the company issued 10,653,438 ordinary shares to Redrock Exploration Services Pty Ltd as full settlement of $72,443 exploration consultancy services provided.
vi. On 10 April 2017, the Company consolidated its issued equity with the ratio of 10 to 1. The post-consolidation numbers of ordinary shares and unlisted options on issue were 295,548,020 and 2,000,000 respectively.

Change in controlled entities:

i. Sale 80% of the Group's interest in each of QMC Exploration Pty Ltd and Spinifex Mines Pty Ltd for $2,000,000. These two controlled entities are holding several gold mining and exploration leases in Queensland which the Group recognised them as non-core assets of the Group.

OPERATING AND FINANCIAL REVIEW (continued)

Events after the Reporting Period

On 9 August 2017 Maxiforde Pty Ltd, a wholly owned subsidiary of the Company, was deregistered following the sale of the tenements that it held.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affect or could significantly affect the operations of the Groups future financial years.

Future Developments, Prospects and Business Strategies

Current areas of strategic focus of the Group include the following:

- Undertake exploration programs to enhance the resources reserve of the Group.
- Divest non-core mining and exploration assets of the Group by means of out-right sell or joint venture.
- Actively seeking for joint venture partners to develop the Group's flagship White Range Project.

To improve the consolidated Group's financial results and shareholder wealth, the Group is trying to reduce its operation overheads by implementation of a very straight spending control. In this regard, some non-core exploration licenses were surrendered and sold. The Group will consider to surrender or sell other non-core licenses in the future in order to minimise the licenses holding costs.

These strategies are expected to assist in the achievement of the consolidated Group's long-term goals. Due to the present uncertainty in the mining industry, it is not possible at this stage to predict future results of the operations.

Business Risks

The following exposures to business risk may affect the Group's ability to achieve the above prospects:

- The continuous downturn of the mining industry in Australia that may discourage potential investors to invest in the Group's projects.

- The copper and gold prices remain relatively volatile. Any deterioration in world economies will impact the future financial returns of the Group's projects.

Environmental Issues

The Group's operations are subject to significant environmental regulations under the laws of the Commonwealth and state.

The Group is aware of the alleged non-compliance of certain environmental authorities' (EA's) requirements. The Company has addressed a number of the matters and continues to discuss outstanding issues with the DEPH. No enforcement action is contemplated in relation to these matters.

Corporate Governance Statement

The board of directors of Queensland Mining Corporation Ltd ("QMC") is responsible for establishing the corporate governance framework of the consolidated entity giving regard to the 3rd edition of the ASX Corporate Governance Principles and Recommendations ("Recommendations"). The board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Company's Recommendations to the relevant disclosures in either this statement, our website or annual report, is contained in our website at www.qmcl.com.au.

The board seeks, where appropriate, to adopt without modification, the Recommendations. Where there has been any variation from the Recommendations, it is because the board believes that the Company is not as yet of size, nor are its financial affairs of such complexity and its ownership structure, to justify some of these Recommendations. The board is of the view that with the exception of the departures to the Recommendations as are set on the web site, it otherwise complies with all of the Recommendations during the year ended 30 June 2017.

This Corporate Governance Statement is approved by the board of QMC and is current as at 30 June 2017 and at the date of this statement.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Queensland Mining Corporation Limited ('the Company') and its controlled entities for the financial year ended 30 June 2017. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2017 and is to be read in conjunction with the following information:

General Information
Directors
The following persons were directors of Queensland Mining Corporation Limited during or since the end of the financial year up to the date of this report:

Dr Lakshman Jayaweera – Non-executive Chair
Mr Jun Qiu – Non-executive Director
Mr Eddy Wu – Executive Director (CEO)
Mrs Joyce Wang – Alternate to Mr Jun Qiu

Particulars of each director's experience and qualifications are set out later in this report.

Dividends Paid or Recommended
There are no dividends paid or recommended during the financial year.

Indemnifying Officers or Auditors
During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has paid premiums to insure each of the directors and executives against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Proceedings on Behalf of the Company
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

On 9 July 2013 the Company filed a Statement of Claim in the Federal Court of Australia against its former Managing Director, Mr Howard Victor Renshaw and his controlled entity Butmall Pty Ltd. DFK Richard Hill Pty Limited is named as a third defendant in the Statement of Claim, but solely in its capacity as the holder of funds paid to its trust account. The Statement of Claim pertains to payments that were made to Mr Renshaw and Butmall Pty Ltd in the amount of $677,333 in aggregate, following Mr Renshaw's ceasing to be the Managing Director of the Company in October 2012. Costs and interest are also claimed.

On 29 August 2013 Mr Renshaw and Butmall Pty Ltd filed a defence to the aforementioned Statement of Claim filed by the Company on 9 July 2013. In addition the parties lodged a Counter Claim against the Company pursuant to which they seek payment of: $110,000 plus interest at 12% per annum from 21 December 2012 to the day of payment; $161,894 plus GST and interest at Court rates until the date of payment; damages; interest and costs on an indemnity basis.
The proceedings were heard on 5 and 6 February 2014.

On 10 April 2014 the Federal Court of Australia delivered its judgment. The Court found in the Company's favour (including costs) in the main case and also dismissed the Counter Claim by Mr. Renshaw and Butmall Pty Ltd.

Following the judgement delivered by the Court the Company received from DFK Richard Hill Pty Limited the sum of $50,330 being the fund held in its trust account for Mr Renshaw.

On 3 June 2014 Mr Renshaw and Butmall Pty Ltd filed an appeal against the judgment. The appeal was heard on 26 November 2014 and the Company successfully resisted the appeal, which was dismissed with costs.

In December 2014 and January 2015 the Company served a bankruptcy notice and a statutory demand to Mr Renshaw and Butmall Pty Limited respectively to procure payment of the judgement debts. The parties applied to courts seeking to set aside the bankruptcy notice and statutory demand but were dismissed with cost in June 2015.

In July 2015 the Company commenced the process to procure the payments of the judgement debts due from Mr Renshaw and Butmall Pty limited.

In December 2015 the Federal Court ordered Butmall Pty Limited be wound up.

On 27 April 2016 the Federal Circuit Court of Australia has ordered a sequestration order over Mr Renshaw and declared him bankrupt.

On 11 May 2016 Mr Renshaw lodged an appeal to the order. A case management hearing was held on 1 July 2016 in which the parties were required to file and serve certain document within a deadline set by the judge. The final hearing of his appeal was heard on 28 November 2016.

On 9 December 2016 The Federal Court of Australia ordered the dismissal of the appeal. The Company believes the long lasting litigation with Mr Renshaw is now ended. The Company is expecting a dividend payout from the trustee of Mr Renshaw's bankrupt in the future.

Auditor's Independence Declaration
The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 23 of the financial report.

Options
At the date of this report, the unissued ordinary shares of Queensland Mining Corporation Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
23 November 2015	30 June 2018	$0.10	2,000,000

Option holders do not have any rights to participate in any issues of shares or other interest of the Company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

There have been no ordinary shares of Queensland Mining Corporation Limited were issued on the exercise of options granted during or since the end of the reporting period.

DIRECTORS' REPORT (CONTINUED)

Information Relating to Directors and Company Secretary

Lakshman Jayaweera -	Chair (Non-executive)
Qualification -	MSc, PhD (UNSW)
Experience -	Appointed chair in July 2013. Board member since January 2013.
Interest in Shares and Options -	3,389,340 ordinary shares in Queensland Mining Corporation Ltd
Special Responsibilities -	Dr Jayaweera is the chair of the Audit & Risk Committee, Remuneration Committee and Nomination Committee
Directorship held in other listed entities during the three years prior to the current year -	None

Jun Qiu -	Director (Non-executive)
Qualifications -	EMBA
Experience -	Board member since June 2013
Interest in Shares and Options -	70,067,200 ordinary shares
Special Responsibilities -	None
Directorship held in other listed entities during the three years prior to the current -	None

Eddy Wu -	Director and Chief Executive Officer (Executive)
Qualifications -	BSc, MSc and MCom
Experience -	Board member since August 2013.
Interest in Shares and Options -	2,402,966 ordinary shares in Queensland Mining Corporation Ltd and options to acquire a further 1,000,000 ordinary shares.
Special Responsibility -	Member of the Audit & Risk Committee, Remuneration Committee and Nomination Committee.
Directorship held in other listed entities during the three years prior to the current -	Image Resources NL

Joyce Wang -	Alternate Director to Mr Qiu
Qualification -	CPA, MCom (USYD)
Experience -	Board member since June 2013
Interest in Shares and Options -	Options to acquire 400,000 ordinary shares in Queensland Mining Corporation Ltd
Special Responsibility -	Member of the Audit & Risk Committee, Remuneration Committee and Nomination Committee.
Directorship held in other listed entities during the three years prior to the current -	None

Pipvide Tang -	Chief Financial Officer and Company Secretary
Qualification -	CPA, MBA (UNE)
Experience -	Company secretary since August 2013.
Interest in Shares and Options -	Options to acquire 600,000 ordinary shares in Queensland Mining Corporation Ltd.

DIRECTORS' REPORT (CONTINUED)

Meetings of Directors

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Director's meetings	
Director	**Number attended**	**Number eligible to attend**
Dr Lakshman Jayaweera	5	5
Mr Jun Qiu	0	5
Mr Eddy Wu	5	5
Mrs Joyce Wang	5	5

	Audit and risk committee meetings	
Member	**Number attended**	**Number eligible to attend**
Dr Lakshman Jayaweera	3	3
Mrs Joyce Wang	3	3
Mr Eddy Wu	3	3

	Remuneration committee meetings	
Member	**Number attended**	**Number eligible to attend**
Dr Lakshman Jayaweera	1	1
Mrs Joyce Wang	1	1
Mr Eddy Wu	1	1

	Nomination committee meetings	
Member	**Number attended**	**Number eligible to attend**
Dr Lakshman Jayaweera	1	1
Mrs Joyce Wang	1	1
Mr Eddy Wu	1	1

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Queensland Mining Corporation Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated Group's financial results. The Board of Queensland Mining Corporation Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefit, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentive paid in the form of options or rights are intended to align the interests of the directors and the Company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

- The remuneration committee reviews KMP package annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast activities of the consolidated Group and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at market rate for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangement that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits directors and KMP from using Queensland Mining Corporation Limited shares as collateral in any financial transaction, including margin loan arrangements.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for the development of the group's projects, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on forecast activities for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Queensland Mining Corporation Limited bases the assessment on audited figures and the level of completion of pre-determined exploration activities.

REMUNERATION REPORT (CONTINUED)

Relationship between Remuneration Policy and Company Performance
The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPIs, and the second being the issue of options to the the majority of directors and executives to encourage the alignment of personal and shareholder interest.

The following table shows the financial results for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2017	**2016**	**2015**	**2014**	**2013**
	$	**$**	**$**	**$**	**$**
Net loss	7,751,293	2,215,112	1,538,560	2,170,519	20,314,357
Loss per share	0.0273	0.0126	0.012	0.021	0.342
Share price at year end	0.035	0.004	0.006	0.01	0.02

The above loss per share figures have been retrospectively adjusted for the 10 to 1 share consolidation that occurred on 10 April 2017 (refer note 18).

Performance Conditions Linked to Remuneration
The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various reward schemes, specifically the incorporation of incentive payments based on the achievement of pre-determined activities milestones.

The performance-related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The satisfaction of the performance conditions is based on a review of the Company’s operation and activities. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

REMUNERATION REPORT (CONTINUED)

Employment Details of Members of Key Management Personnel
The following table provides employment details of persons who were, during the financial year, members of KMP of the Group. The table also illustrates the proportion of remuneration that was performance and non-performance based.

			Proportions of Elements of Remuneration Related to Performance (Other than Options Issued)		Proportions of Elements of Remuneration Not Related to Performance
Group KMP	Position Held as at 30 June 2017 and any Change during the Year	Contract Details (Duration and Termination)	Non-salary Cash-based Incentives %	Shares/Units %	Fixed Salary/Fees %
Lakshman Jayaweera	Non-executive director – no change during the year	No specific duration. Termination by 3 months' notice	-	-	100
Jun Qiu	Non-executive director – no change during the year	No specific duration. Termination by 3 months' notice	-	-	100
Joyce Wang	Alternate director and Account Manager – no change during the year	1 year contract and renew annually	-	-	100
Eddy Wu	Director and CEO – no change during the year	1 year contract and renew annually	-	-	100
Pipvide Tang	CFO and Company secretary – no change during the year	1 year contract and renew annually	-	-	100

The employment terms and conditions of the KMP are formalised in contracts of employment.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of three months' notice prior to termination of contract. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least 3 months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

REMUNERATION REPORT (CONTINUED)

Non-executive directors are subject to similar contractual arrangement whereby at least three months' notice is required to be given on termination. Termination payments are not payable on resignation or under circumstances of unsatisfactory performance.

Changes in Directors and Executives Subsequent to Year-end
No changes in directors and executives subsequent to year-end.

Remuneration Expense Details for the Year Ended 30 June 2017
The following tables of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of Benefits and Payments for the Year Ended 30 June 2017

		Short-term benefits			Post-employment benefits	Long-term benefits	Equity-settled Share-based payments	
Group KMP		**Salary, Fees and Leave $**	**Profit Share and Bonuses $**	**Non-monetary $**	**Pension and Super-annuation $**	**Long Service leave $**	**Options $**	**Total $**
Lakshman Jayaweera								
-	2017	72,000	-	-	-	-	-	72,000
-	2016	72,000	-	-	-	-	-	72,000
Jun Qiu								
-	2017	43,836	-	-	4,164	-	-	48,000
-	2016	43,836	-	-	4,164	-	-	48,000
Joyce Wang								
-	2017	38,000*	-	-	3,610	-	-	41,610
-	2016	38,000*	-	-	3,610	-	6,800	48,410
Eddy Wu								
-	2017	91,324	-	-	8,676	-	-	100,000
-	2016	91,324	-	-	8,676	-	17,000	117,000
Pipvide Tang								
-	2017	44,000	-	-	34,840	-	-	78,840
-	2016	44,000	-	-	34,840	-	10,200	89,040
Total -	**2017**	289,160	-	-	51,290	**-**	**-**	340,450
	2016	289,160	-	-	51,290	**-**	34,000	374,450

** Salary paid to Mrs Joyce Wang for her position as the account manager of the Group.*

Securities Received that Are Not Performance-related
No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments
No cash bonuses, performance-related bonuses and share-based payments were paid or granted to KMP as remuneration during the year

Options and Rights Granted as Remuneration.

Group KMP	**Balance at Beginning of Year (Note 1)**	**Exercised No**	**Exercised Value $**	**Lapsed No**	**Balance at End of Year**
Joyce Wang	400,000	-	-	-	400,000
Eddy Wu	1,000,000	-	-	-	1,000,000
Pipvide Tang	600,000	-	-	-	600,000

Note 1 The numbers of options were adjusted in according to the 10 to 1 shares consolidation of the Company completed on 10 April 2017.

REMUNERATION REPORT (CONTINUED)

Description of Options/Rights Issued as Remuneration
Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price $	Value per Option at Grant Date $	Amount Paid/Payable by recipient $
23 Nov 2015	Queensland Mining Corporation Ltd	One ordinary share per option	On or before 30 June 2018	0.10	0.017	-

Option values at grant date were determined using the Black-Scholes method and was adjusted in according to the 10 to 1 share consolidation of the Company completed on 10 April 2017.

KMP Shareholdings
The number of ordinary shares in Queensland Mining Corporation Ltd held by each KMP of the Group during the financial year is as follows:

	Balance at beginning of Year (Note 1)	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Lakshman Jayaweera	3,248,588	-	-	140,752	3,389,340
Jun Qiu	35,033,600	-	-	35,033,600	70,067,200
Eddy Wu	2,255,309	-	-	147,657	2,402,966

Note 1 – The balances at beginning of the year were adjusted in according to the 10 to 1 shares consolidation of the Company completed on 10 April 2017.

Other Equity-related KMP Transactions
There have been no other transactions involving equity instruments apart from those described in the tables above relating to options and shareholdings.

Other Transactions with KMP and/or their Related Parties
There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity and compensation that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors:

Eddy Wu
Director

18 September 2017
Sydney

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www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF QUEENSLAND MINING CORPORATION LIMITED

As lead auditor of Queensland Mining Corporation Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Queensland Mining Corporation Limited and the entities it controlled during the period.

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 18 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group	
		2017	2016
		$	$
Interest received		82,519	67,980
Other income	2	255,046	38,472
Accountancy fees		(18,344)	(13,081)
Auditor's remuneration	20	(43,000)	(43,000)
Depreciation expenses		(56,373)	(103,164)
Exploration expenses		(199,003)	(148,752)
Employee expenses		(448,292)	(493,386)
Impairment of assets	3	(6,773,331)	(1,176,531)
Loss on disposal of tenements		(130,068)	(7,641)
Legal cost		(94,040)	(63,402)
Rental expenses		(141,146)	(125,172)
Travel expenses		(27,447)	(10,996)
Insurance		(30,836)	(39,698)
Marketing & Investor relations		(47,579)	(29,434)
Compliance fees		(26,297)	(28,842)
Other expenses		(53,102)	(38,465)
Loss before income tax	3	(7,751,293)	(2,215,112)
Tax income/(expense)	4	-	-
Net loss for the year		(7,751,293)	(2,215,112)
Other Comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value losses on available-for-sale financial assets, net of tax		(112,500)	-
Total comprehensive income for the year attributable to the members of the parent entity		(7,863,793)	(2,215,112)
Earnings per share			
Basic and diluted EPS	7	(2.73 cents)	(1.26 cents)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated Group 2017 $	Consolidated Group 2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	14	5,029,397	964,656
Trade and other receivables	13	14,389	34,991
Other financial assets –at fair value	8	887,500	-
TOTAL CURRENT ASSETS		5,931,286	999,647
NON-CURRENT ASSETS			
Plant and equipment	9	52,672	622,754
Mining licences	10	13,331,761	14,600,113
Exploration and evaluation	11	5,415,445	11,403,497
Investments accounted for using the equity method	15	519,788	-
TOTAL NON-CURRENT ASSETS		19,319,666	26,626,364
TOTAL ASSETS		25,250,952	27,626,011
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	160,560	71,420
Mine restoration provision	17	612,028	-
TOTAL CURRENT LIABILITIES		772,588	71,420
TOTAL LIABILITIES		772,588	71,420
NET ASSETS		24,478,364	27,554,591
EQUITY			
Issued capital	18	85,681,492	80,893,926
Share option reserve	19	34,000	34,000
Accumulated losses		(61,237,128)	(53,373,335)
TOTAL EQUITY		24,478,364	27,554,591

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated Group	**Share Capital Ordinary $**	**Share Option Reserve $**	**Accumulated Losses $**	**Total Equity $**
Balance at 1 July 2015	80,803,582	-	(51,158,223)	29,645,359
Comprehensive income				
Loss for the year	-	-	(2,215,112)	(2,215,112)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(2,215,112)	(2,215,112)
Transactions with owners in their capacity as owners and other transfers:				
Shares issued during the year	68,182	-	-	68,182
Transaction costs	(3,308)			(3,308)
Adjust transactions costs overstated in prior year	25,470	-	-	25,470
Options	-	34,000	-	34,000
Balance at 30 June 2016	80,893,926	34,000	(53,373,335)	27,554,591

Consolidated Group	**Share Capital ordinary $**	**Share Option Reserve $**	**Accumulated Losses $**	**Total Equity $**
Balance at 1 July 2016	80,893,926	34,000	(53,373,335)	27,554,591
Comprehensive income				
Loss for the year	-	-	(7,751,293)	(7,751,293)
Other comprehensive income for the year			(112,500)	(112,500)
Total comprehensive income for the year	-	-	(7,863,793)	(7,863,793)
Transactions with owners in their capacity as owners and other transfers:				
Shares issued during the year	4,816,267	-	-	4,816,267
Transactions costs	(28,701)	-	-	(28,701)
Balance at 30 June 2017	85,681,492	34,000	(61,237,128)	24,478,364

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group	
		2017	2016
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		175,648	20,290
Payments to suppliers and employees		(1,045,914)	(982,370)
Interest received		82,519	67,980
Finance costs		-	-
Net cash used in operating activities	23	(787,747)	(894,100)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant & equipment		100,000	88,182
Proceed from sale of mining tenements		1,592,500	-
Payment for acquisition of mining tenement		-	(66,146)
Payments for exploration and evaluation and mining licences		(1,683,852)	(1,608,261)
R&D tax incentive		162,808	84,184
Net cash provided by/(used in) investing activities		171,456	(1,502,041)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,709,734	-
Share issue transaction costs		(28,702)	(3,308)
Net cash provided by/(used in) financing activities		4,681,032	(3,308)
Net increase/(decrease) in cash held		4,064,741	(2,399,449)
Cash and cash equivalents at beginning of financial year		964,656	3,364,105
Cash and cash equivalents at end of financial year	14	5,029,397	964,656

The accompanying notes form part of these financial statements.

(A) BASIC INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: BASIS OF PREPARATION

The consolidated financial statements and notes represent those of Queensland Mining Corporation Limited and Controlled Entities (the "group").

The separate financial statements of the parent entity, Queensland Mining Corporation Limited, have not been presented within this financial report as permitted by the *Corporation Act 2001*.

The financial statements were authorised for issued on 18 September 2017 by the directors of the Company.

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(B) OPERATIONAL PERFORMANCE

NOTE 2: REVENUE AND OTHER INCOME

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTE 2: REVENUE AND OTHER INCOME (CONTINUED)

Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

	Consolidated Group	
	2017	**2016**
	$	**$**
Other income		
- Sales of scrapped equipment	100,000	18,182
- Option fees received	153,000	-
- Other income	2,046	20,290
Total other income attributable to members of the parent entity	255,046	38,472

NOTE 3: EXPENSES

Significant Accounting Policies

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

NOTE 3: LOSS FOR THE YEAR (CONTINUED)

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Provision

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

	Note	**Consolidated Group**	
		2017	**2016**
		$	**$**
Loss before income tax from continuing operations includes the following specific expenses:			
a. Expenses			
Employee benefits expenses:			
- Defined contribution superannuation expenses		30,585	31,695
Rental expense on operating leases:			
- Minimum lease payments		141,146	125,172
Impairment of assets (refer to below):			
- Plant and equipment	9	513,709	55,981
- Mining licences	10	1,268,352	-
- Exploration and evaluation expenditures	11	4,991,270	1,120,550
		6,773,331	1,176,531

The Company's Mt Norma assets consist of 1 EPM, 8 mining leases and one copper sulphate processing plant located approximately 30 km southeast of Cloncurry. The assets were acquired from the former Cudeco in the middle of 2007 but have been kept under care and maintenance since August 2008. In order to focus on the development of the White Range project and reduce the holding costs, the Company has decided to dispose of the assets with a nominal consideration or surrender the EA by completing the required rehabilitation in the near future. As the result of this decision, an impairment and rehabilitation expenses of $6,773,331 was charged to the profit or loss in the period under review.

NOTE 4: TAX EXPENSE

Significant Accounting Policies

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTE 4: TAX EXPENSE (CONTINUED)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is changed or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

	Consolidated Group	
	2017	**2016**
	$	**$**
The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2016: 30%)	(2,131,605)	(664,534)
Add:		
Tax effect of:		
- Non-allowable items	3,417	770
- Impairment of assets	1,862,666	352,959
Tax effect of tax losses not brought to account as they do not meet the recognition criteria of deferred tax assets	265,522	310,805
Income tax attributable to entity	-	-
Total tax losses for which no deferred tax asset has been recognised	33,089,724	32,824,202

NOTE 5: OPERATING SEGMENTS

General Information

Identification of reportable segments

The Group is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Types of products and services by segment

The principal products and services of this operating segment are the mining and exploration operation predominately in Australia.

Major customers

All the mining projects of the Group are in the exploration stage and thus have no major customers for its products and services.

Geographical region

The Group only has one geographical segment as all exploration licences issued to the Group lie within the Cloncurry region of Queensland, Australia.

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2017.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	Consolidated Group	
	2017	**2016**
	$	**$**
Short-term employee benefits	289,160	289,160
Post-employment benefits	51,290	51,290
Share-based payment	-	34,000
Total KMP compensation	340,450	374,450

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

NOTE 7: EARNINGS PER SHARE

	Consolidated Group	
	2017	**2016**
	$	**$**
Loss for the year	7,751,293	2,215,112
Loss used to calculate basic and diluted EPS from continuing operations	7,751,293	2,215,112
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	283,540,814	175,947,860
Antidilutive options on issue not used in dilutive EPS calculation	2,000,000	2,000,000
Basic and diluted EPS	(2.73 cents)	(1.26 cents)

Refer to note 18 for details of 10 to 1 share consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(C) ASSETS MEASURED AT FAIR VALUE

NOTE 8: OTHER FINANCIAL ASSETS

Significant Accounting Policies

Other financial assets comprising shares in listed corporation. The shares are initially measured at cost and subsequently measured at fair value. Fair value is determined by their prices quoted on the relevant exchanges.

Change in fair value of the shares are included in the statement of comprehensive income in the period in which they occur.

	Consolidated Group	
	2017	2016
	$	$
CURRENT		
Financial assets at fair value through profit or loss		
Available-for-sale financial assets:		
- Shares in listed corporations	887,500	-

The shares formed part of the consideration received on selling 80% interest in two subsidiaries.

(D) ASSETS MEASURED AT OTHER THAN FAIR VALUE

NOTE 9: PLANT AND EQUIPMENT

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group from 2 to 20 years, commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTE 9: PLANT AND EQUIPMENT (CONTINUED)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Impairment - general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. With respect to cash flow projections for plant and equipment based in Australia, growth rates of nil % have been factored into valuation models for the next five years on the basis of management's expectations that the Group will remain in the stage of developing its mining projects. Cash flow growth rates of 3% subsequent to this period have been used as this reflects historical growth rate of the Australian economy.

	Consolidated Group	
	2017	**2016**
	$	**$**
Plant and equipment		
At cost	7,482,829	7,482,829
Accumulated depreciation	(4,295,473)	(4,239,100)
Accumulated impairment losses	(3,134,684)	(2,620,975)
	52,672	622,754

a. Movement in carrying amounts

Movement in the carrying amounts between the beginning and the end of the current financial year:

Balance at the beginning of year	622,754	781,899
Depreciation	(56,373)	(103,164)
Impairment loss	(513,709)	(55,981)
Balance at the end of year	52,672	622,754

NOTE 9: PLANT AND EQUIPMENT (CONTINUED)

b. Impairment Losses

The total impairment loss recognised in the statement of profit or loss during the period under review amounted to $513,709 (2016: $55,981) and is presented in the statement as “impairment of assets” (refer Note 3).

NOTE 10: MINING LICENCES

	Consolidated Group	
	2017	**2016**
	$	**$**
Mining Licences		
At cost	17,062,209	17,062,209
Accumulated impairment losses	(3,730,448)	(2,462,096)
	13,331,761	14,600,113

a. Movement in carrying amounts

Movement in the carrying amounts between the beginning and the end of the current financial year:

Balance at the beginning of year	14,600,113	14,533,967
Additions	-	66,146
Impairment losses	(1,268,352)	-
Balance at the end of year	13,331,761	14,600,113

b. Impairment Losses

The total impairment loss recognised in the statement of profit or loss during the period under review amounted to $1,268,352 (2016: nil) and is presented in the statement as “impairment of assets” (refer Note 3).

Recoverability of the carrying amount of mining licences assets is dependent on the successful exploitation and sale of mineral ore.

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Key judgements

Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $5,415,445.

	Consolidated Group	
	2017	**2016**
	$	**$**
Exploration and evaluation expenditure capitalised		
At cost	24,744,532	25,578,507
Accumulated R&D incentives	(1,034,707)	(871,900)
Accumulated impairment losses	(18,294,380)	(13,303,110)
	5,415,445	11,403,497

a. Movement in carrying amounts

Movement in the carrying amounts between the beginning and the end of the current financial year:

Balance at the beginning of year	11,403,497	11,077,611
Additions	2,295,880	1,608,261
Disposal	(2,610,067)	(77,641)
Impairment loss	(4,991,270)	(1,120,550)
R&D incentives	(162,807)	(84,184)
Transferred to investments accounted for using the equity method – non-current	(519,788)	-
Balance at the end of year	5,415,445	11,403,497

b. Impairment Losses

The total impairment loss recognised in the statement of profit or loss during the prior under review amounted to $4,991,270 (2016: $1,120,550) and is presented in the statement as “impairment of assets” (refer Note 3).

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of mineral ore.

Capitalised costs amounting to $1,683,852 (2016: $1,608,261) have been included in cash flows from investing activities in the statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: DEFERRED TAX ASSETS

Significant Accounting Policies

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because it is not probable that sufficient taxable profit will be available to allow the benefit of part of all of that deferred tax asset to be utilised.

The potential future income tax benefit will be obtained if:

i. The relevant Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be realised by another company in the Group in accordance with Division 170 of the Income Tax Assessment Act 1997.
ii. The relevant Company and/or Group continues to comply with the conditions for deductibility imposed by the law.
iii. No changes in tax legislation adversely affect the Company and/or the Group in realising the benefit.

NOTE 13: TRADE AND OTHER RECEIVABLES

Significant Accounting Policies

Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Key judgements

Provision for impairment of receivables

Other receivables do not contain impaired assets and are not past due.

Credit risk

The Group has no significant concentration of credit risk with respect of any single counterparty or group of counterparties. The class of assets described as "other receivables" is considered to be the main source of credit risk related to the Group.

	Consolidated Group	
	2017	**2016**
	$	**$**
Trade and other receivables		
CURRENT		
Prepayments	9,711	29,809
Other receivables	4,678	5,182
	14,389	34,991

NOTE 14: CASH AND CASH EQUIVALENTS

Significant Accounting Policies

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

	Consolidated Group	
	2017	**2016**
	$	**$**
Cash at bank and on hand	1,966,233	663,302
Short-term bank deposits	3,063,164	301,354
	5,029,397	964,656

The effective interest rate on short-term bank deposits was 2.25% (2016: 2.4%); these deposits have an average maturity of 90 days.

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the Consolidated Statement of Cash Flows.

(E) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Significant Accounting Policies

Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

a. Information about Principal Associates

Set out below are the material associates of the Group. All of the entities listed below have share capital consisting solely of ordinary shares. The proportion of ordinary shares held by the Group equals the voting rights held by the Group. Each entity's place of incorporation is its principal place of business.

		Proportion of Ordinary Shares			Carrying Amount	
Name	**Place of Business/ Incorporation**	**2017 %**	**2016 %**	**Measurement Method**	**2017 $**	**2016 $**
Spinifex Mines P/L	Australia	20	100	Equity	467,355	-
QMC Exploration P/L	Australia	20	100	Equity	52,433	-
					519,788	-

Spinifex Mines Pty Ltd is a private entity that holds one gold exploration licence and nine gold mining licences in Queensland. The company was wholly owned by the Group and on 5 June 2017 the Group sold 80% of its issued shares to a third party. The party has an option to acquire the balance 20% interest from the Group if certain conditions are met.

QMC Exploration Pty Ltd is a private entity that holds three gold exploration licences in Queensland. The company was wholly owned by the Group and on 5 June 2017 the Group sold 80% of its issued shares to a third party. The party has an option to acquire the balance 20% interest from the Group if certain conditions are met.

All of the Group's associates are private companies and therefore no quoted market prices are available for their shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 15: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

b. Commitments and Contingent Liabilities in Respect of Associates

Under the shareholder agreement between the Company and the third party partner, the Group has no obligation on any financial contributions toward the operations of Spinifex Mines Pty Ltd and QMC Exploration Pty Ltd.

The Group is not liable for a share of contingent liabilities arising from its interest in these associate companies.

c. Summarised Financial Information for Associates

Set out below is the summarised financial information for the Group's material investments in associates. Unless otherwise stated, the disclosed information reflects the amounts presented in the financial statements of the associates. The following summarised financial information, however, reflects the adjustments made by the Group when applying the equity method, including adjustments for any differences in accounting policies between the Group and the associates:

	Spinifex Mines P/L 2017 $	**QMC Exploration P/L 2017 $**	**Total 2017 $**
Summarised Financial Position			
Total current assets	32,895	7,500	40,395
Total non-current assets	2,307,557	250,990	2,558,547
NET ASSETS	2,340,452	258,490	2,598,942
Group's share (%)	20	20	20
Group's share of associates' net assets	468,090	51,698	519,788
Summarised Financial Performance			
Revenue	-	-	-
Operating expenses	-	-	-
Total comprehensive loss	-	-	-

(F) LIABILITIES MEASURED AT OTHER THAN FAIR VALUE

NOTE 16: TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	Consolidated Group	
	2017	**2016**
	$	**$**
CURRENT		
Unsecured liabilities:		
Trade payables	79,620	32,409
Sundry payables and accrued expenses	80,940	39,011
	160,560	71,420

NOTE 17: MINE RESTORATION PROVISION

	Consolidated Group	
	2017	**2016**
	$	**$**
CURRENT		
Mine restoration provision	612,028	-
	612,028	-
Opening balance at 1 July 2016	-	-
Additional provisions	612,028	-
Balance at 30 June 2017	612,028	-

A provision has been recognised for the costs to be incurred for the restoration of the mining site used for the exploration of copper ore. It is anticipated that the mine will require restoration within 1 year. A discount rate adjusted to reflect the risk inherent in the mining operation has not been applied.

(G) EQUITY

NOTE 18: ISSUED CAPITAL

	Consolidated Group	
	2017	**2016**
	$	**$**
295,548,020 (2016: 1,760,573,636) fully paid ordinary shares	85,681,492	80,893,926
	No.	**No.**
a. Ordinary Shares		
At the beginning of the reporting period	1,760,573,636	1,748,382,729
Shares issued during the year:		
- 7 Sep 2015		6,313,148
- 2 Feb 2016		5,877,759
- 4 Aug 2016	1,137,942,404	
- 29 Aug 2016	31,990,850	
- 29 Aug 2016	6,818,200	
- 23 Sep 2016	7,500,000	
- 25 Jan 2017	10,653,438	
10 to 1 shares consolidation on 10 Apr 2017	(2,659,930,508)	
At the end of the reporting period	295,548,020	1,760,573,636

NOTE 18: ISSUED CAPITAL (CONTINUED)
On 4 August 2016 the Group issued 1,137,942,404 ordinary shares at $0.004 each to shareholders on the basis of one share for every one share held. The shares are eligible for dividend paid after their issue date.

On 29 August 2016 the Group issued 31,990,850 ordinary shares at $0.004 each to a shareholder as placement of the under-subscription shares from the one for one rights issue. The shares are eligible for dividend paid after their issue date.

On 29 August 2016 the Group issued 6,818,200 ordinary shares at $0.005 each to Redrock Exploration Services Pty Ltd as full settlement of $34,091 exploration consultancy services provided. The shares are eligible for dividend paid after their issue date.

On 23 September 2016 the Group issued 7,500.000 ordinary shares at $0.004 each to a shareholder as placement of the under-subscription shares from the one for one rights issue. The shares are eligible for dividend paid after their issue date.

On 25 January 2017 the Group issued 10,653,438 ordinary shares at $0.0068 each to Redrock Exploration Services Pty Ltd as full settlement of $72,443 exploration consultancy services provided. The shares are eligible for dividend paid after their issue date.

On 10 April 2017 the Group completed the ten to one shares consolidation and the number of issued shares was reduced by 2,659,930,508.

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

b. Options

i. For information relating to the Queensland Mining Corporation Ltd employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 25.

ii. For information relating to share options issued to key management personnel during the financial year, refer to Note 25.

c. Capital Management

Management controls the capital of the Group in order to maintain a capital structure to generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTE 19: RESERVES

a. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

b. Analysis of Items of Other Comprehensive Income by Each Class of Reserve

	Consolidated Group	
	2017	**2016**
	$	**$**
Accumulated losses		
Loss for the year	(7,751,293)	(2,215,112)
Other comprehensive income for the year	(112,500)	-
Total comprehensive income for the year	(7,863,793)	(2,215,112)
Movement in accumulated losses	(7,863,793)	(2,215,112)
Share option reserve		
Movement in share option reserve	-	34,000

(H) OTHER INFORMATION REQUIRED BY AUSTRALIAN ACCOUNTING STANDARDS

NOTE 20: AUDITOR'S REMUNERATION

	Consolidated Group	
	2017	**2016**
	$	**$**
Remuneration of the auditor for:		
- auditing or reviewing the financial statements	43,000	43,000

NOTE 21: INTERESTS IN SUBSIDIARIES

Significant Accounting policies

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Queensland Mining Corporation Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in this note.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

NOTE 21: INTERESTS IN SUBSIDIARIES (CONTINUED)

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interest held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal Place of Business	Ownership Interest Held by the Group and Proportion of Non-controlling Interests	
		2017	2016
		%	%
North Queensland Mines Pty Ltd	Australia	100	100
Mt Norma Mining Company Pty Ltd	Australia	100	100
Flamingo Copper Mines Pty Ltd	Australia	100	100
Spinifex Mines Pty Ltd	Australia	20	100
Soldiers Cap Mining Pty Ltd	Australia	100	100
Cloncurry Mining Company Pty Ltd	Australia	100	100
Kuridala Mining Pty Ltd	Australia	100	100
Mt McNamara Pty Ltd	Australia	100	100
Sierra Line Pty Ltd	Australia	100	100
QMC Operations Pty Ltd	Australia	100	100
White Range Mines Pty Ltd	Australia	100	100
QMC Exploration Pty Ltd	Australia	20	100
Iron Ridge – Black Fort Pty Ltd	Australia	100	100
Mt McCabe Pty Ltd	Australia	100	100
Maxiforde Pty Ltd	Australia	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

b. Disposal of Controlled Entities

On 5 June 2017, the parent disposed of 80% of its interest in both Spinifex Mines Pty Ltd and QMC Exploration Pty Ltd. The total loss recognised in respect of the disposal of these entities amounted to $79,154 and was recognised in profit or loss as a loss on disposal of tenements. The parent continues to hold 20% of the issued shares of these entities, with the investment being classified in the statement of financial position as 'investments accounted for using the equity method' (non-current). This transaction has been recorded as a sale of assets, rather than a sale of business on the basis that Spinifex Mines Pty Ltd and QMC Exploration Pty Ltd do not possess the key characteristics that constitute a business per *AASB 3: Business Combinations,* being inputs, processes and outputs. As such, this will not be accounted for under *AASB 5: Non-current Assets Held for Sale and Discontinued Operations*.

NOTE 22: CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2017	2016
	$	$
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
- not later than 12 months	51,395	43,307
- between 12 months and three years	55,411	-
	106,806	43,307

The properties leases are non-cancellable leases with two to three year terms. Rents are payable monthly in advance. On renewal, the terms of the leases are renegotiated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 23: CASH FLOW INFORMATION

	Consolidated Group	
	2017	**2016**
	$	**$**
a. Reconciliation of Cash Flows from Operating Activities with Loss after income tax		
Loss after income tax	(7,863,793)	(2,215,112)
Non-cash flows in loss		
- depreciation	56,373	103,164
- gain on disposal of plant & equipment	(100,000)	(10,541)
- impairment of assets	6,773,331	1,176,531
- share based payments	106,534	102,182
- shares issuing costs overstated in prior year	-	25,470
- loss on disposal of tenements	130,068	-
Changes in assets and liabilities, net of the effects of the effects of disposal of subsidiaries:		
- Decrease/(increase) in trade and other receivables	20,601	(19,423)
- Increase/(decrease) in trade and other payables	89,139	(56,371)
Cash flows from operating activities	(787,747)	(894,100)

b. Disposal of Entities

During the year 80% of the controlled entities Spinifex Mines Pty Ltd and QMC Exploration Pty Ltd were sold. Aggregate details of this transaction are:

	2017	2016
Disposal price	2,000,000	-
Cash consideration	1,000,000	-
Assets and liabilities held at disposal date:		
Exploration and evaluation	2,079,154	-
Net loss on disposal	(79,154)	-
Net cash received	1,000,000	-

NOTE 24: SHARE-BASED PAYMENTS

a. On 23 November 2015, 20,000,000 share options were granted to three KMP to take up ordinary shares at an exercise price of $0.01 each. All options were vested on 1 January 2016. The options are exercisable on or before 30 June 2018. The Options hold no voting or dividend rights and are not transferable. As a result of the 10 to 1 shares consolidation completed on 10 April 2017, the number of options on issued was consolidated to 2,000,000 and the exercise price was adjusted to $0.10 each.

b. No options were granted to key management personnel during the financial year under review.

c. A summary of the movement of all Group options issues is as follows:

	Number	**Exercise Price**
Options outstanding as at 1 July 2015	-	
Granted	20,000,000	$0.01
Options outstanding as at 30 June 2016	20,000,000	$0.01
Adjusted in according to the 10 to 1 share consolidation	(18,000,000)	
Options outstanding as at 30 June 2017	2,000,000	$0.10

The remaining contractual life of the options outstanding at year-end was 1 year. The exercise price of outstanding options at the end of the reporting period was $0.10.

NOTE 24: SHARE-BASED PAYMENTS (CONTINUED)

The fair value of the options granted to employees is considered to represent the value of the employee services received over the vesting period.

The fair value of options granted on 23 November 2015 was $0.017 per option (adjusted for the share consolidation completed on 10 April 2017). These values were calculated using the Black-Scholes option pricing model with volatility at 84%, risk free interest rate at 2% and no dividend yield.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

NOTE 25: EVENTS AFTER THE REPORTING PERIOD

Other than the following, the directors are not aware of any significant event since the end of the reporting period.

On 9 August 2017 Maxiforde Pty Ltd, a wholly owned subsidiary of the Company, was deregistered following the sale of the tenements that it held.

NOTE 26: RELATED PARTY TRANSACTIONS

a. Related parties

The Group's main related parties are as follows:

(i) *Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

(ii) *Entities subject to significant influence by the Group*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in associates, refer to Note 15.

(iii) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b. Transaction with related parties

Transaction between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transaction occurred with related parties:

	Consolidated Group	
	2017	**2016**
	$	**$**
Other related parties:		
Purchase of goods and services:		
Administration services fee paid to WIM Resources Pty Ltd, a company related to Mr Eddy Wu	4,000	-
Rental payment for office space provide by WIM Resources Pty Ltd	40,800	28,700

NOTE 26: RELATED PARTY TRANSACTIONS (CONTINUED)

c. Amount outstanding from related parties

Trade and other receivable

There were no outstanding trade and other receivables due from related parties at the current and previous reporting date.

d. Amounts payable to related parties

Trade and other payables

There were no outstanding trade and other payables due to related parties at the current and previous reporting date.

NOTE 27: FINANCIAL RISK MANAGEMENT

Significant Accounting Policies

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity.

They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTNUED)

(iii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(iv) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The total for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: recognition and Measurement* as detailed in the accounting policies above, are as follows:

		Consolidated Group	
	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	14	5,029,397	964,656
Trade and other receivables	13	14,389	34,991
Financial assets at fair value through profit or loss			
- listed investments at cost	8	887,500	-
Total financial assets		5,931,286	999,647
Financial liabilities			
Trade and other payables	16	160,560	71,420
Total financial liabilities		160,560	71,420

Financial Risk Management Policies

The Audit and Risk Committee (ARC) has been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The ARC monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk, and interest rate risk. The ARC meets on requested basis and minutes of the ARC are reviewed by the Board.

The ARC's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant counterparties), ensuring to the extent possible that counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the ARC has otherwise assessed as being financially sound.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. However, on a geographical basis, the Group has significant credit risk exposures to Australia given the substantial operations in the region. Details with respect to credit risk of trade and other receivables are provided in Note 13.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 13.

Credit risk related to balances with banks and other financial institutions is managed by the ARC in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA–. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Consolidated Group	
	2017	**2016**
	$	**$**
Cash and cash equivalents:		
- AA- rated	5,029,397	964,656

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

NOTE 27: FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		**Total**	
Consolidated Group	**2017**	**2016**	**2017**	**2016**
Financial liabilities due for payment				
Trade and other payables	160,560	71,420	160,560	71,420
Total expected outflows	160,560	71,420	160,560	71,420
Financial assets – cash flows realisable				
Cash and cash equivalents	5,029,397	964,656	5,029,397	964,656
Trade and other receivables	14,389	34,991	14,389	34,991
Total anticipated inflows	5,043,786	999,647	5,043,786	999,647
Net inflow on financial instruments	4,883,226	928,227	4,883,226	928,227

c. Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The financial instruments that primarily expose the Group to interest rate risk are cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate instruments. To minimise its exposure the Group is placing its surplus fund in terms not exceeding 6 months.

(ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group is exposed to securities price risk on investments held for trading over the medium to longer terms. Such risk is managed through close monitoring and regular review of the market situation by the ARC.

All the Group's investments are held in the mining sector at the end of the reporting period.

Fair Value

Fair value estimation

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The Group has a number of financial instruments which are not measured at fair value in the consolidated statement of financial position. For all these financial instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 28: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 July 2018).

  The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16*: Leases* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2019).

  The Standard will be applicable retrospectively and includes the requirement for an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117.

  The key changes that may affect the Group on initial application include the recognition of a right-of-use asset for the amount of the unamortised portion of the useful life of existing operating leases, with a lease liability being recognised at the present value of the outstanding lease payments.

  Although the directors anticipate that the adoption of AASB 16 will have an impact on the Group's statement of financial position, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 29: PARENT INFORMATION

	2017	2016
	$	$
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of financial position		
ASSETS		
Current assets	5,931,286	999,647
Non-current assets	19,319,666	26,626,364
Total assets	25,250,952	27,626,011
LIABILITIES		
Current liabilities	772,588	71,420
Total liabilities	772,588	71,420
EQUITY		
Issued capital	85,681,492	80,893,926
Share option reserve	34,000	34,000
Accumulated losses	(61,237,128)	(53,373,335)
Total equity	24,478,364	27,554,591
Statement of profit or loss and other comprehensive income		
Total loss	(7,751,293)	(2,215,112)
Total comprehensive losses	(7,863,793)	(2,215,112)

Guarantees
The parent entity had not entered into any guarantees in relation to the debts of its subsidiary in the current and previous reporting period.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017 or 30 June 2016.

Contractual commitments
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 or 30 June 2016.

NOTE 30: COMPANY DETAILS

The registered office and principal places of business of the Company is:

Queensland Mining Corporation Ltd
Suite 2004, Level 20,
201 Elizabeth Street,
Sydney, NSW 2000.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Queensland Mining Corporation Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on page 24 to 53, are in accordance with the *Corporation Act 2001* and:

    a. comply with Australian Accounting Standards, which, as stated in the financial statements, constitutes compliance with International Financial Reporting Standards; and

    b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated group;

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; and

3. the directors have been given the declarations required by s.296A of the *Corporation Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Eddy Wu
Director

18 September 2017
Sydney

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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Queensland Mining Corporation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Queensland Mining Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of exploration and evaluation assets

Key audit matter	***How the matter was addressed in our audit***
The Group carries exploration and evaluation assets totalling $18,747,206 including mining licences and capitalised exploration and evaluation expenditures as disclosed in Note 10 and Note 11 of the financial statements. In accordance with AASB 6 *Exploration of and Evaluation for Mineral Resources*, exploration and evaluation assets are tested for impairment when indicators for impairment are present. The carrying value of the Group's exploration and evaluation asset is impacted by the Group's ability, and intention, to continue to exploit these assets. The results of exploration work also determine to what extent the mineral reserves and resources may or may not be commercially viable for extraction. This impacts the ability of the Group to recover the carrying value of the mining properties either through the successful development or sale. Due to the quantum of this asset and the subjectivity involved in determining whether its carrying value will be recovered through successful development or sale, we considered this matter to be significant to our audit.	To determine whether the carrying value of the exploration and evaluation assets were appropriately accounted for, we undertook, amongst others, the following audit procedures: • Agreed a sample of additions during the year to supporting documentation, ensuring that the amounts were capitalised correctly. • Confirmed the Group has current rights to explore in the areas represented by those capitalised exploration and evaluation expenditures. • Reviewed management's assessment of the carrying value of the exploration and evaluation assets, ensuring that management have considered the effect of potential impairment indicators and the stage of the Group's projects against AASB 6 *Exploration of and Evaluation for Mineral Resources*. • Evaluated management's support and calculations for the impairment of $6,259,622 to ensure proper allocation of the impairment expense across relevant tenements and to ensure mathematical accuracy of the amount impaired.

Accounting for disposal of interest in QMC Exploration Pty Ltd and Spinifex Mines Pty Ltd

Key audit matter	***How the matter was addressed in our audit***
As disclosed in Note 15 of the financial statements, the Group disposed of 80% of its interest in wholly-owned subsidiaries, Spinifex Mines Pty Ltd and QMC Exploration Pty Ltd, which each hold several gold mining and exploration leases and had $2,668,768 of exploration and evaluation assets at the date of disposal. The accounting treatment applied to this disposal is a key audit matter due to the complexity and significance associated with the determination of the fair value of the consideration received, which included shares in a separate listed corporation, and the initial recognition and measurement of the remaining 20% interest in Spinifex Pty Ltd and QMC Exploration Pty Ltd.	In assessing the accounting treatment applied to this disposal, our audit procedures included, among others: • Reviewing the sale and purchase agreement to understand the percentage interest and assets being disposed, the classification of the disposal as a sale of assets rather than sale of business, and the consideration received for the sale. • Compared the assets and liabilities derecognised on disposal against the executed agreement and financial information of the disposed assets, and recalculating the loss on sale of the tenements. • Assessed whether the initial and subsequent measurement of the listed shares, received as part of the consideration, fell within the scope of *AASB 139 Financial Instruments: Recognition and Measurement*. • Assessed the adequacy and appropriateness of the Group's disclosure in respect to this disposal in light of the requirements of Australian Accounting Standards. • Reviewed evidence supporting the Group having significant influence over QMC Exploration Pty Ltd and Spinifex Mines Pty Ltd to ensure the appropriateness of recognising the remaining 20% interest under the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. • Reviewed management's calculations of the carrying amount of the investment.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Queensland Mining Corporation Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 18 September 2017

Mining Titles & Interest Report

Tenement Number	Tenement Name	QMC Interest	Company	Status
EPM13091	Notlor	Exclusive Exploration Right	Exco Resources	Granted
EPM 13336	Duck Creek	100%	North Queensland Mines Pty Limited	Granted
EPM 14148	White Range #1	100%	Sierra Line Pty Ltd	Granted
EPM 14163	White Range #2	20%	Ausmex Mining Group	Granted
EPM 14475	White Range #4	20%	Ausmex Mining Group	Granted
EPM 15706	Tommy Creek	100%	Queensland Mining Corporation Limited	Granted
EPM 15718	Duck Creek South	100%	North Queensland Mines Pty Limited	Granted
EPM 15740	Kuridala South	Exclusive Exploration Right	Exco Resources	Granted
EPM 15858	Sunny Mount	20%	Ausmex Mining Group	Granted
EPM 15879	Mt Norma	100%	Mt Norma Mining Company Pty Limited	Granted
EPM 15897	White Range Consolidated	100%	Sierra Line Pty Ltd	Granted
EPM 16078	Jessievale	100%	Queensland Mining Corporation Limited	Granted
EPM 16628	Mt Brownie	100%	Queensland Mining Corporation Limited	Granted
EPM 16976	Mt Sheaffer	100%	North Queensland Mines Pty Ltd	Granted
EPM 17602	Top Camp	85%	Iron Ridge-Black Fort Pty Ltd	Granted
EPM 18106	Flamingo West	100%	Flamingo Copper Mines Pty Ltd	Granted
EPM 18286	Elder Creek	20%	Ausmex Mining Group	Granted
EPM 18440	Slaty Creek	100%	Queensland Mining Corporation Limited	Granted
EPM 18663	Gold Reef Dam	100%	Queensland Mining Corporation Limited	Granted
EPM 18912	Wedgetail	Exclusive exploration right for 6 sub-blocks	Ivanhoe Cloncurry Mines Pty Limited	Granted
EPM25669	Jackeys Creek	100%	FLAMINGO COPPER MINES PTY LTD	Granted
EPM25849	Copper Canyon East	100%	Sierra Line Pty Ltd	Granted
EPM25669	Strathfield	100%	Queensland Mining Corporation Limited	Granted
MDL 204	Copper Canyon	100%	White Range Mines Pty Ltd	Granted
MDL 205	Greenmount	100%	White Range Mines Pty Ltd	Granted
ML 2506	Mount Norma	100%	Mt Norma Mining Company Pty Ltd	Granted
ML 2518	Winston Churchill	100%	Queensland Mining Corporation Ltd	Granted
ML 2519	Vulcan	100%	White Range Mines Pty Ltd	Granted
ML 2535	Sally	100%	North Queensland Mines Pty Ltd	Granted
ML 2537	Dulce	100%	North Queensland Mines Pty Ltd	Granted
ML 2544	Dulce Extended # 2	100%	North Queensland Mines Pty Ltd	Granted
ML 2550	Mount Norma #2	100%	Mt Norma Mining Company Pty Ltd	Granted

Mining Titles & Interest Report (continued)

Tenement Number	Tenement Name	QMC Interest	Company	Status
ML 2551	Mount Norma #3	100%	Mt Norma Mining Company Pty Ltd	Granted
ML 2709	Gilded Rose	20%	Ausmex Mining Group	Granted
ML 2711	Button	100%	North Queensland Mines Pty Ltd	Granted
ML 2713	Gilded Rose Extended East	20%	Ausmex Mining Group	Granted
ML 2718	Gilded Rose Extended West	20%	Ausmex Mining Group	Granted
ML 2719	Gilt Edge Extended East 1	20%	Ausmex Mining Group	Granted
ML 2741	Mt Freda	20%	Ausmex Mining Group	Granted
ML 2742	Evening Star	20%	Ausmex Mining Group	Granted
ML 2750	Evening Star North Extended	20%	Ausmex Mining Group	Granted
ML 2752	Mt Freda Extended	20%	Ausmex Mining Group	Granted
ML 2763	Evening Star North	20%	Ausmex Mining Group	Granted
ML 2777	New Dollar	100%	North Queensland Mines Pty Ltd	Granted
ML 2778	Horseshoe	100%	North Queensland Mines Pty Ltd	Granted
ML 2779	Mountain Maid	100%	North Queensland Mines Pty Ltd	Granted
ML 2788	Two Mile	100%	North Queensland Mines Pty Ltd	Granted
ML 7498	Little Beauty	100%	Queensland Mining Corporation Ltd	Granted
ML 7511	Young Australian #2	100%	North Queensland Mines Pty Ltd	Granted
ML 7512	Young Australian	100%	North Queensland Mines Pty Ltd	Granted
ML 90081	Hampden Copper (Kuridala)	100%	White Range Mines Pty Ltd	Granted
ML 90082	Mt McCabe	100%	White Range Mines Pty Ltd	Granted
ML 90084	Young Australian Extended	100%	North Queensland Mines Pty Ltd	Granted
ML 90088	Chinaman	100%	North Queensland Mines Pty Ltd	Granted
ML 90099	Australian	100%	North Queensland Mines Pty Ltd	Granted
ML 90103	New Snow Ball	100%	Flamingo Copper Mines Pty Ltd	Granted
ML 90104	Mossy's Dream	100%	Flamingo Copper Mines Pty Ltd	Granted
ML 90134	Greenmount	100%	White Range Mines Pty Ltd	Granted
ML 90149	Mt McNamara	100%	North Queensland Mines Pty Ltd	Granted
ML 90161	Phil's Find	100%	White Range Mines Pty ltd	Granted
ML 90172	Mt Norma Surround 1	100%	Mt Norma Mining Company Pty Ltd	Granted
ML 90173	Mt Norma Surround 2	100%	Mt Norma Mining Company Pty Ltd	Granted
ML 90174	Mt Norma Surround 3	100%	Mt Norma Mining Company Pty Ltd	Granted
ML 90175	Mt Norma Surround 4	100%	Mt Norma Mining Company Pty Ltd	Granted
ML 90176	Mt Norma Surround 5	100%	Mt Norma Mining Company Pty Ltd	Granted

Mining Titles & Interest Report (continued)

MC 4348	Mt Debbie a	100%	Cudeco	Granted
MC 4349	Mt Debbie b	100%	Queensland Mining Corporation Ltd	Granted
MC 4350	Mt Debbie c	100%	Queensland Mining Corporation Ltd	Granted

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

The following information is current as at 14 September 2017:

1. **Shareholding**
   a. Distribution of shareholders

Category (size of holding):	Number Ordinary
1-1,000	438
1,001-5,000	722
5,001-10,000	302
10,001-100,000	438
100,001-100,000,000	100
	2,000

b. The number of shareholdings held in less than marketable parcels is 1,197.

c. The names of the substantial shareholders listed in the holding Company's register are:

Shareholder	Number ordinary
Perfect Nation Global Limited	106,722,902
Great Tang Brothers Resources Investment P/L	70,067,200
Bradley Polaris Pty Ltd <Bradley S/F A/C>	31,552,393

d. Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

- Options have no voting rights.

e. **20 Largest shareholders – ordinary shares**

	Number of Ordinary Fully Paid Shares held	% Held of Issued Ordinary Capital
Perfect National Global Limited	106,722,902	36.11
Great Tang Brother Resources Investment Pty Ltd	70,067,200	23.71
Bradleys Polaris Pty Ltd <Bradley S/F A/C>	31,552,393	10.68
Mr Guo Tang	8,960,544	3.03
Perfect National Global Limited	5,854,603	1.98
Tulla Resources Group Pty Ltd <Tulla Resources Invest A/C>	5,490,394	1.86
THTF Australia Mining Pty Ltd	4,457,148	1.51
Redrock Exploration Services Pty Ltd	4,266,667	1.44
Ms Faby Chong	3,000,000	1.02
Holmberg Nominees Pty Ltd <NL Burton P/L S/F NO2 A/C>	3,000,000	1.02
Mr Fei Wu	2,642,383	0.89
Brevmar Pty Ltd <Glen Invst S/F A/C>	2,410,000	0.82
Ms Meiting Lu	2,316,808	0.78
Berkon Pty Ltd <Hockey Family Super Fund A/C>	1,944,295	0.66
Chemmet Pty Ltd	1,882,081	0.64

Chemmet Pty Ltd <Super Fund A/C>	1,503,758	0.51
WL Mallan Nominees Pty Ltd <WLM Superannuation Fund A/C>	1,008,000	0.34
Marley Holdings Pty Ltd	816,000	0.28
Mrs Susan Holt	694,046	0.24
Morbride Pty Ltd <Morbride S/F A/C>	638,960	0.22

2. The name of the company secretary is Mr Pipvide Tang.

3. The address of the principal registered office in Australia is:
   Suite 2004, Level 20,
   201 Elizabeth Street,
   Sydney, NSW 2000.

   Telephone: +61(2) 9267 8932
   Fax: +61(2) 9269 0076
   Website: www.qmcl.com.au

4. Registers of securities are held at the following address:
   Boardroom Pty Limited,
   Level 12,
   225 George Street,
   Sydney, NSW 2000.

5. Stock Exchange Listing
   Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Limited.

6. Unquoted Securities
   Options over Unissued Shares
   A total of 2,000,000 options are on issue. All options are on issue to two directors and one employee of Queensland Mining Corporation Limited.