

**QUEENSLAND MINING CORPORATION LIMITED**

A.B.N. 61 109 962 469

**FINANCIAL REPORT  
For The Year Ended  
30 June 2014**



# **Queensland Mining Corporation Ltd and its Subsidiaries**

## **CONTENTS**

CEO Report	2
Directors' Report	3
Review of Operations	4
Auditor's Independence Declaration	24
Corporate Governance Statement	25
Consolidated Statement of Profit or loss and other Comprehensive Income	31
Consolidated Statement of Financial Position	32
Consolidated Statement of Changes in Equity	33
Consolidated Statement of Cash Flows	34
Notes to the Consolidated Financial Statements	35
Directors' Declaration	60
Independent Auditor's Report	61
Mining Titles & Interest Report	63
ASX Additional Information	66
Corporate Directory	68

## Queensland Mining Corporation Ltd and its Subsidiaries

### CEO REPORT

Dear Shareholder

The 2013-2014 financial year was a year of transition. After a series of changes, the Company has come back on the track of focusing on realising the value of the Company's flagship White Range Copper Project with a clear, solid and sustainable business model in place.

A new White Range Project optimisation study has been initiated and preliminary results confirmed the potential value of the project. With the high grade resources, low capital costs and overall low project risk features of White Range, QMC will continue to focus on improving the project economics through working in areas such as improving the processing recovery and product strategy.

There has been interest from external parties, who are keen to jointly developing the White Range Project. Discussions are currently underway and the Board of QMC believe this is the best way forward to appreciate the value of the White Range Project, under the current down-turn market conditions.

In parallel with resource development activities, QMC undertook phased exploration on new targets. The Board has a strong vision of identifying and developing new areas within our extensive tenement package. A highlight of this exploration strategy was the discovery of deep sulfide copper mineralization in Black Fort. This is significant because oxide copper has been the focus of the exploration work in the region for the last 30 years. The results went some way in validating our exploration model of deep sulfide mineralisation in the region. QMC will now assess and follow up these drilling results with targeted exploration over the next 12 months.

From a corporate angle, the new company structure that the Board has introduced has been proven efficient and cost-effective. The overhead costs of the Company have been controlled at a very prudent level with the financial and management risks being well managed.

With regards to the unfortunate on-going court case, the QMC Board has made the best efforts to protect the interests of the shareholders and as we expected, a positive result has been achieved so far.

The Board of QMC believes that the work completed in the last 12 months has provided a solid foundation for company's future development. I would like to take this opportunity to thank all shareholders who have shown support to QMC over this period of transition. With QMC's premium quality assets and with the highly dedicated management team, we can expect an exciting year of development ahead.

Kind regards,



Eddy Wu  
Director and CEO

## **Queensland Mining Corporation Ltd and its Subsidiaries**

### **DIRECTORS' REPORT**

**For the year ended 30 June 2014**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Queensland Mining Corporation Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

#### **Directors**

The following persons were Directors of Queensland Mining Corporation Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Lakshman Jayaweera

Mr Jun Qiu

Mr Eddy Wu (Appointed on 8 August 2013)

Ms Joyce Wang (Alternate to Mr Jun Qiu)

Mr John Bradley (Alternate to Dr Lakshman Jayaweera. Resigned on 9 December 2013)

Ms Cathie Wu (Resigned on 8 August 2013)

Dr Garry Lowder (Resigned on 29 July 2013)

#### **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.

#### **Operating results**

The Group's loss for the year after tax amounted to \$1,487,014 (2013: \$20,314,357). The loss made in the financial year includes impairment of assets of \$211,892 (2013: \$14,661,419) as a result of a thorough review undertaken by the board as to the realizable value of assets held.

#### **Dividends paid and recommended**

There is no dividend paid or recommended during the financial year.

## DIRECTORS' REPORT

For the year ended 30 June 2014

### Review of operations

#### Introduction

Cloncurry field operations during the 2013/14 Financial Year have been primarily focused on growing the resource base for the White Range Project. Three drilling programs were completed at Kuridala South, Speculation and Black Fort prospects. Initial encouraging results were received from all the three prospect areas. Project review is currently underway and the outcome will help improve geological understanding and assist in design of follow up drilling programs targeting establishment of JORC resources.

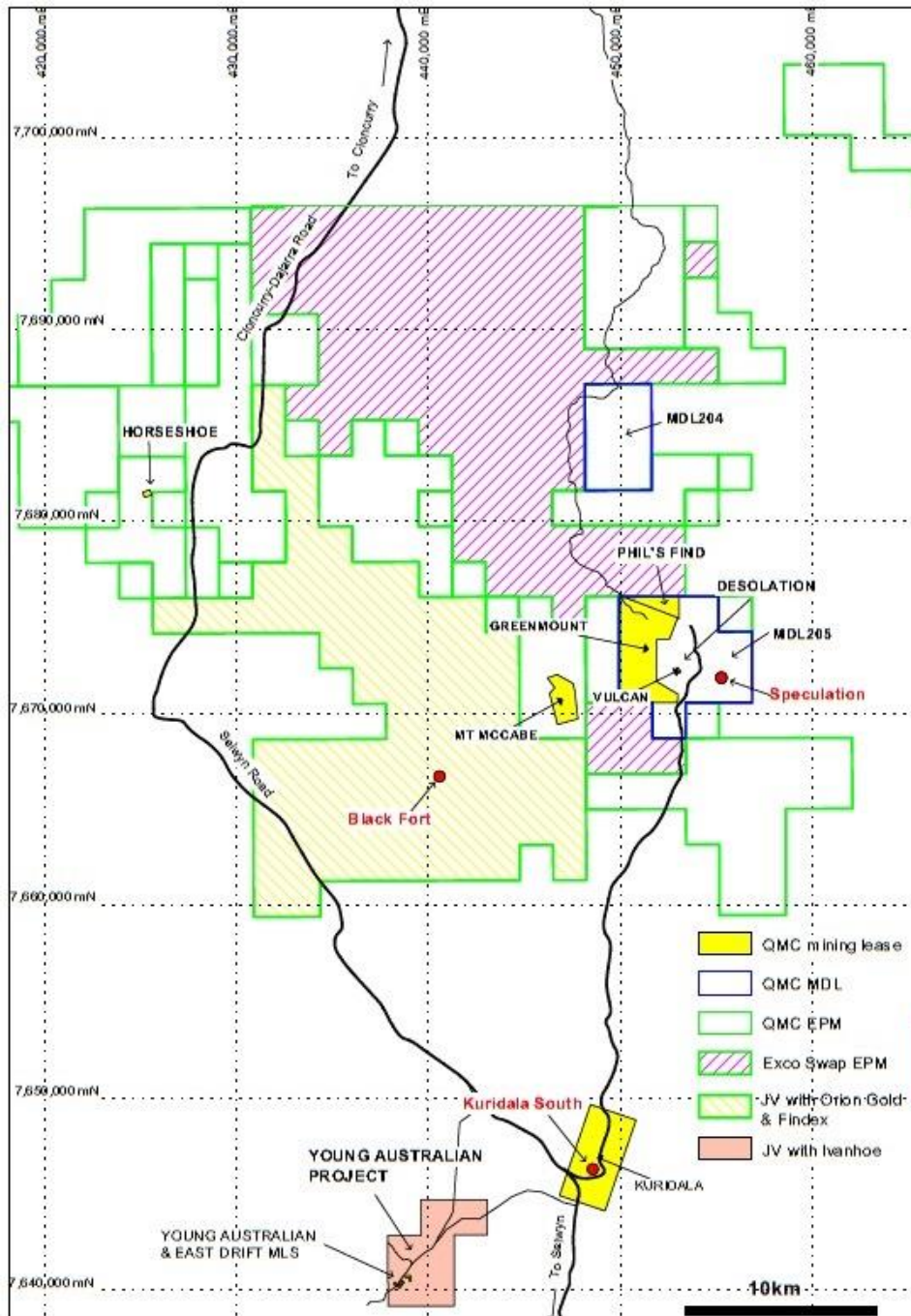


Figure 1. White Range Project Location

## DIRECTORS' REPORT

For the year ended 30 June 2014

### Kuridala South Prospect (ML 90081 QMC 100%)

The Kuridala South prospect is referred to the immediate 2 kilometre southern strike extension of the Kuridala Resource which is located approximately 65km south of Cloncurry (Figure 1). The prospect geology exhibits two parallel zones of mineralisation, the direct extension of the main Kuridala resource (western zone) and an eastern zone approximately 70m to the east. Historical RAB drilling south of the resource had identified a 600m long zone of anomalous copper (>1,000 ppm) and two follow up RC drill holes spaced 110m apart and located 500 metres south of the Kuridala resource intersected shallow secondary copper on the eastern zone. The results include 8m @ 1.21% Cu and 0.68g/t Au from 4m in HRC006 and 6m @ 1.10% Cu and 0.95g/t Au from 12m in HRC060 (Figure 2).

Geological mapping carried out in the current year by the Company verified the presence of sporadic gossanous quartz zone in the west and malachite-quartz stockwork and veins in the eastern zone. Visible copper mineralization can be traced intermittently over 100m long and up to 10m wide. Four RC holes totalling 252m were completed to follow up the previous drill intersections and mapped mineralized zones with the aim to expand the known mineralized zones along strike and at depth.

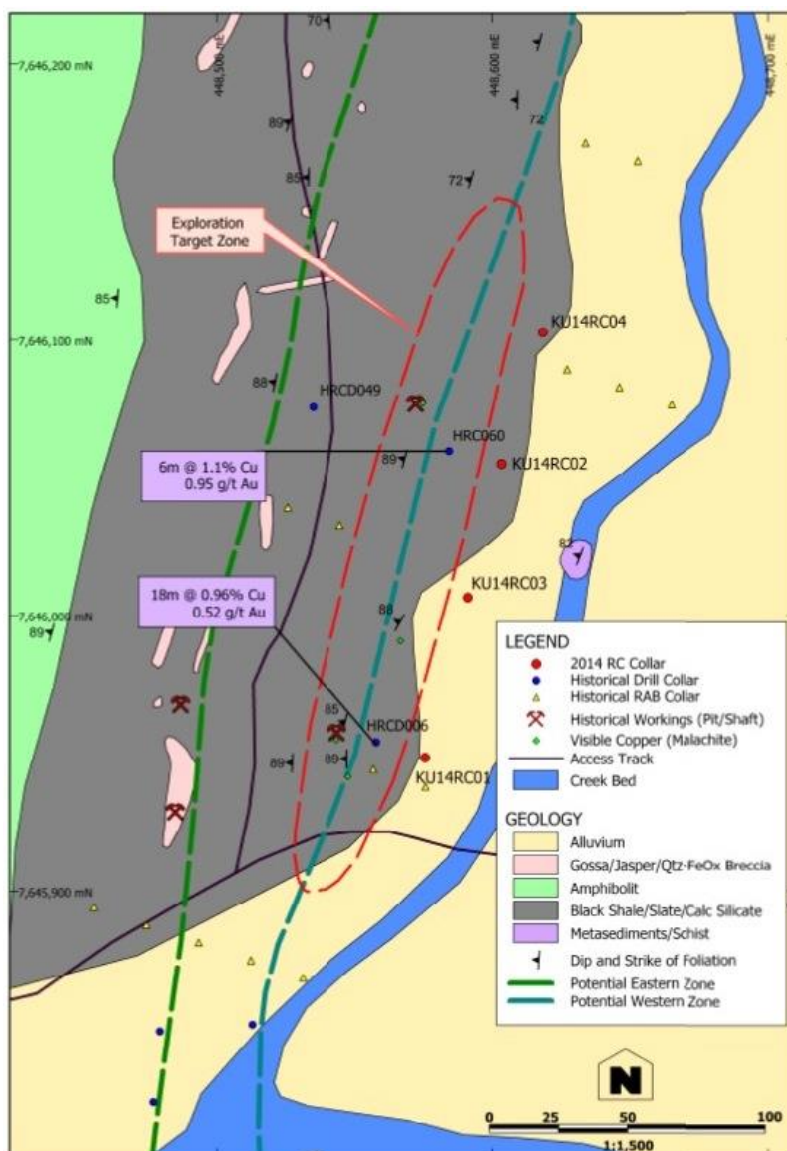


Figure 2 RC holes collar location and geology at Kuridala South



## DIRECTORS' REPORT

For the year ended 30 June 2014

Initial encouraging results were received with the best intersection of 7m @ 1.09% Cu and 0.48g/t Au from 12m in hole KU14RC01. This mineralisation remains open along strike to the south and down dip to the east (Figure 3).

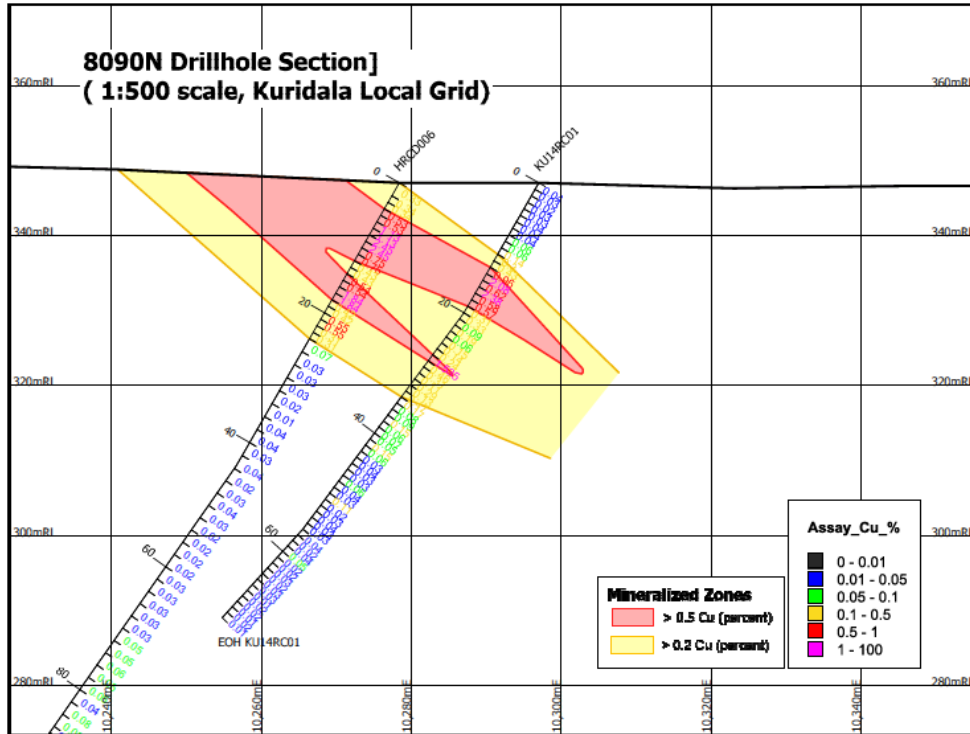


Figure 3 Drillhole cross section at Kuridala South

### Speculation Prospect (MDL205 QMC 100%)

The Speculation copper prospect is centred approximately 40km south-southeast of Cloncurry and falls within the south-eastern part of MDL205. The prospect is also only 4km to the southeast of the Greenmount deposit and 2km east of the Vulcan deposit (Figure 1), both of which form the important part of the JORC resources contained within the White Range project.

The prospect area has been explored by Homestake in the early 1990's in the form of geological mapping, soil sampling and RC drilling. Low to moderate grades of oxide copper mineralization were outlined from the surface, including encouraging intersections of 4m @ 1.81% Cu from 10m in hole SRC01, 12m @ 0.70% Cu from 26m in hole SRC02 and 35m @ 0.26% Cu from 1m in hole SRC03. All the holes were drilled into the eastern part of the prospect area. QMC's exploration work in the current year includes detailed geological mapping and XRF soil sampling. The mapping has identified a visible copper mineralisation zone with a strike length of .200m and 10m wide. The mineralized zones are sub-parallel to the Marimo Slate/Staveley Siltstone contact but hosted in the lower part of the Marimo Slate unit where alteration (silicification and potassic alteration) and veining are abundant.

The XRF soil program consists of a total of 262 sampling sites with 40m line spacing and 20m sampling intervals, providing a geochemical coverage of 400m (E-W) by 600m (N-S). The data when contoured show a strong WNW-ESE geochemical copper anomaly at an extent of more than 300m long and 100m wide with copper values above 500ppm.

In order to test the coincident geological and geochemical anomaly, 2 short RC holes totalling 120m were drilled during the year (Figure 4). The two holes are separated for about 270m along strike, providing effective coverage for the whole strike length of the target zone.

## DIRECTORS' REPORT

For the year ended 30 June 2014

The assay results from the second hole in the program (SP14RC02) have returned broad low grade copper mineralization with significant cobalt credit; 40m @ 0.30% Cu and 365ppm Co from 14m, including 5m @0.54% Cu and 368ppm Co from 33m (Figure 5).

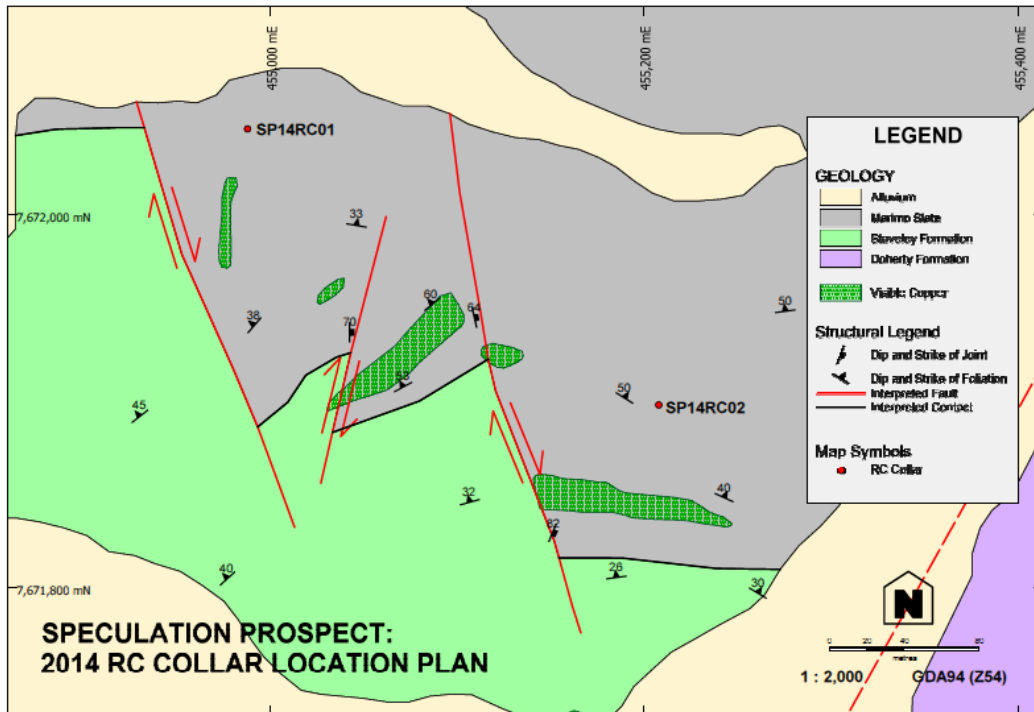


Figure 4 RC holes collar location and geology at Speculation

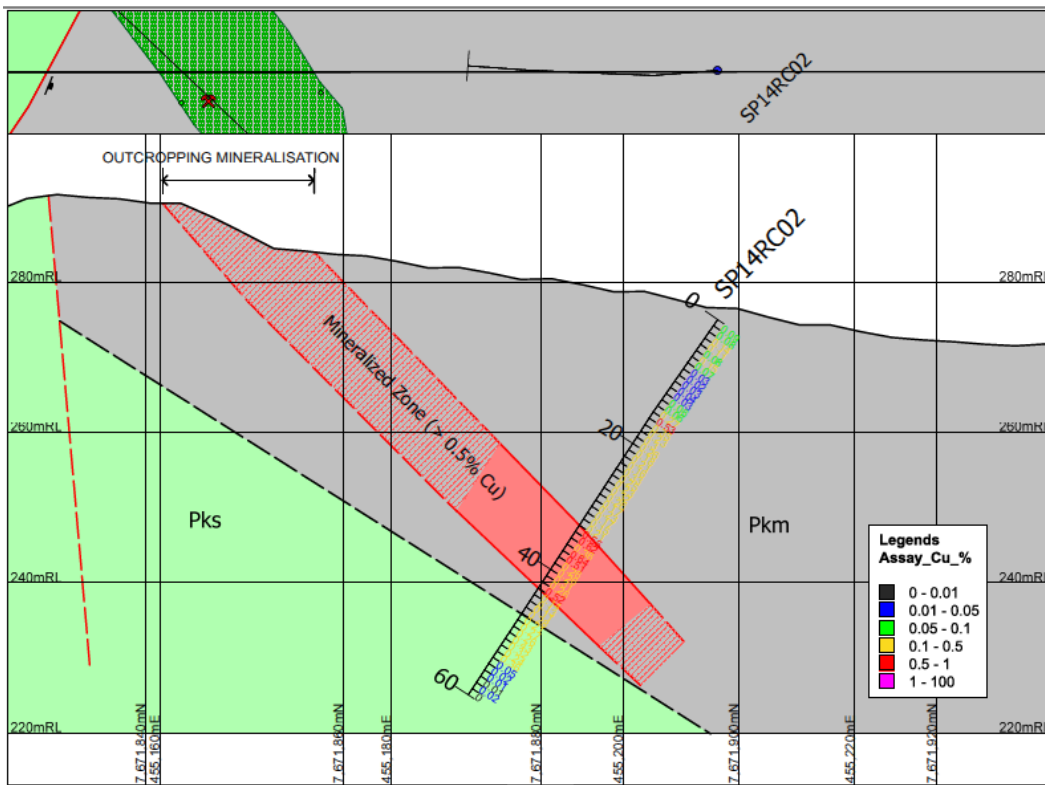


Figure 5 Cross section showing drill intercept from Hole SP14RC02 (looking NW)



**DIRECTORS' REPORT**

**For the year ended 30 June 2014**

**Black Fort Prospect (EPM17602 QMC earn-in 85%)**

The Black Fort prospect is located approximately 45km south-southwest of Cloncurry and 12 kilometres south west of Greenmount and forms part of the White Range project (Figure 1). The surrounding tenement is EPM17602 which is in JV with Orion Gold NL (ca. 4.2%) and Findex Pty Ltd (15%). Under the joint venture agreement, both QMC and Orion Gold need contribute toward the exploration expenditure on a pro rata basis to retain their respective interests in the JV with Findex's interest being free carried.

The project 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 developed by Cudoco 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 by the Company has identified a 1 kilometre long structural zone with widespread alteration, broad copper mineralisation, moderate magnetic anomaly and old workings. Drilling by the Company in 2010 intersected widespread copper mineralisation with results including 17m at 1.51% Cu and 57m at 0.69% Cu. The mineralisation remains open along strike and at depth. Recent hand-held XRF based soil sampling by the Company has also outlined a copper anomalous zone at an extent of 500m by 200m with copper value of above 500ppm.

In order to test the down dip extension of the oxide copper mineralization intersected in the 2010 RC drilling program and any sulphide mineralization underneath the oxide zones, a diamond hole up to 394m deep was drilled at Black Fort. The drilling has intersected multiple zones of low grade copper mineralisation at the targeted depth (Figure 6 and 7). Highlights in the program include

- *8m @ 0.78% Cu from 313m and*
- *3m @ 0.68% Cu from 337m*

It is also worth noting that all the copper mineralisation is comprised of primary sulphide minerals such as chalcopyrite and pyrite, suggesting the oxide copper present at surface and shallow depth is a result of the weathering process of the deep sulphides. Such an understanding in ore genesis will open up new opportunity for exploration of sulphide copper along the 25km long Overhang Jaspilite unit within the Company's tenement holdings.

**DIRECTORS' REPORT**

For the year ended 30 June 2014

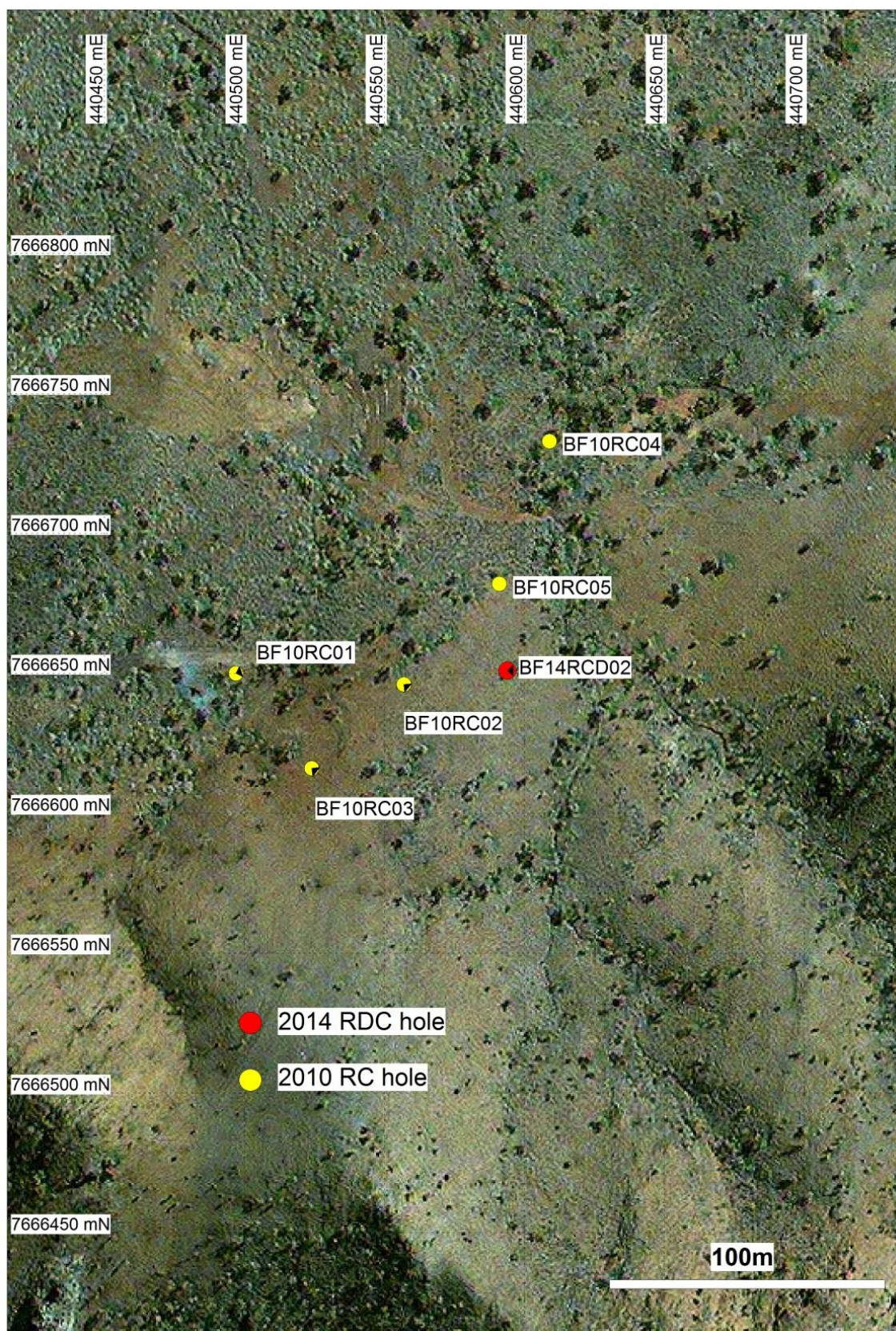


Figure 6 Location of the current diamond hole with respect to the RC holes drilled in 2010



**DIRECTORS' REPORT**

For the year ended 30 June 2014

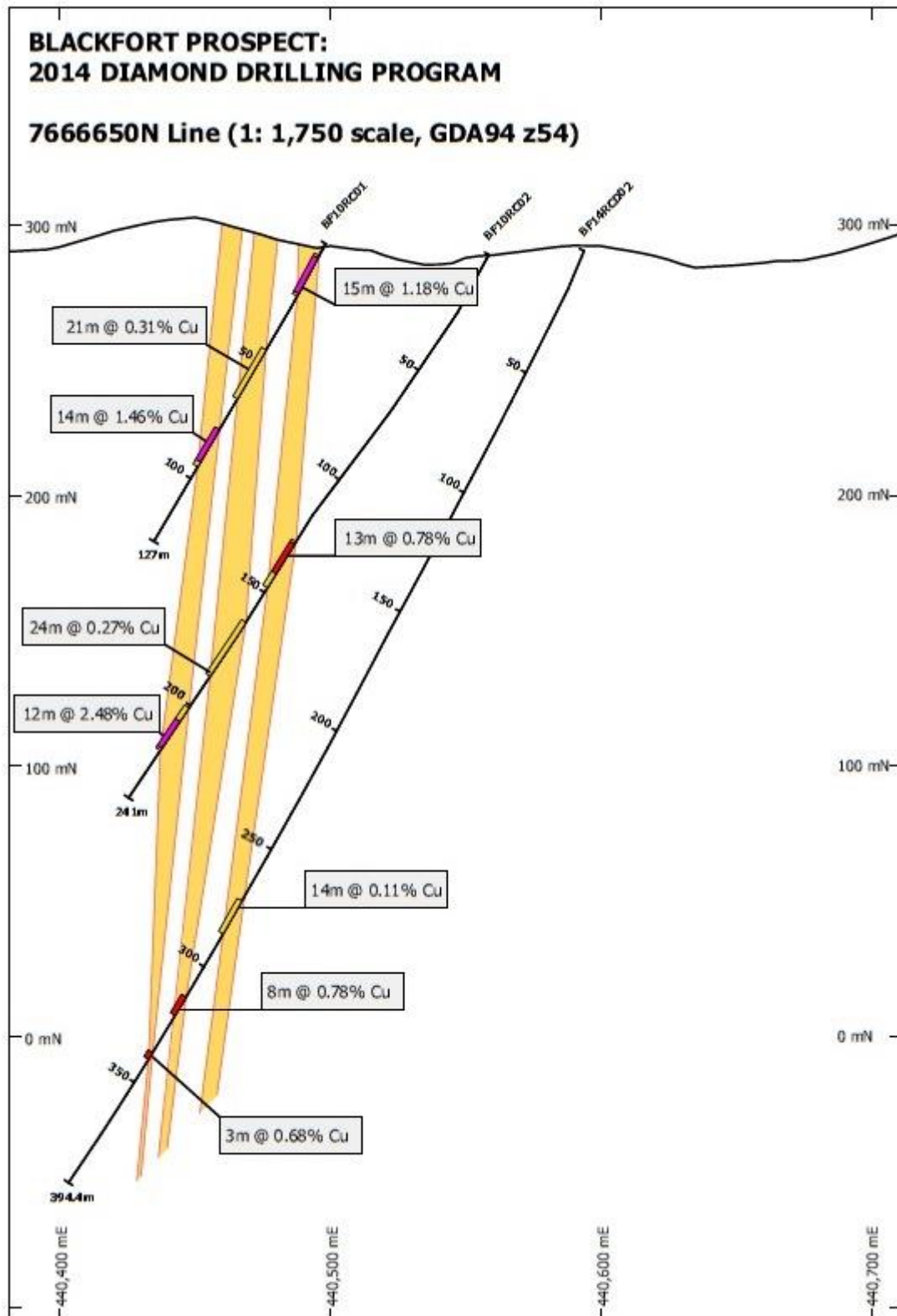


Figure 7 Cross section through the current diamond hole and two RC holes in 2010

**Queensland Mining Corporation Ltd and its Subsidiaries**

**DIRECTORS' REPORT**

For the year ended 30 June 2014

**MINERAL RESOURCES ESTIMATES – SUMMARY**

(as at 2 September 2014)

**White Range Project**

QMC Limited White Range Project	Resource		Grade			Metal Contained		
	Resource Category	Tonnes (Mt)	Copper (%)	Gold (g/t)	Cobalt (%)	Copper (tonnes)	Gold (Oz)	Cobalt (tonnes)
Greenmount	Measured	1.2	1.30	0.50	0.07	14,616	17,156	789
	Indicated	7.7	0.80	0.30	0.06	57,900	74,461	4,323
	Inferred	3.8	0.60	0.20	0.04	21,546	24,306	1,625
	<b>Total</b>	<b>12.7</b>	<b>0.90</b>	<b>0.33</b>	<b>0.06</b>	<b>94,062</b>	<b>115,923</b>	<b>6,737</b>
Kuridala	Measured	2.5	0.90	0.20	0.02	22,500	12,860	500
	Indicated	3.0	0.80	0.20	0.02	25,200	23,149	600
	Inferred	1.7	0.70	0.20	0.03	12,410	12,024	510
	<b>Total</b>	<b>7.2</b>	<b>0.80</b>	<b>0.20</b>	<b>0.02</b>	<b>60,110</b>	<b>48,033</b>	<b>1,610</b>
Young Australian	Measured							
	Indicated	1.1	1.10	N/A	0.01	12,654		133
	Inferred	1.0	0.80	N/A	0.00	8,568		33
	<b>Total</b>	<b>2.1</b>	<b>0.95</b>	<b>N/A</b>	<b>0.01</b>	<b>21,222</b>		<b>166</b>
Mt. McCabe	Measured	1.0	1.20	N/A	0.04	12,100		400
	Indicated	0.6	1.10	N/A	0.03	6,600		192
	Inferred	1.0	0.90	N/A	0.01	8,500		110
	<b>Total</b>	<b>2.6</b>	<b>1.07</b>	<b>N/A</b>	<b>0.03</b>	<b>27,200</b>		<b>702</b>
Vulcan	Measured							
	Indicated	1.1	0.70	N/A	0.01	6,825		137
	Inferred	0.4	0.60	N/A	0.03	2,268		97
	<b>Total</b>	<b>1.5</b>	<b>0.65</b>	<b>N/A</b>	<b>0.02</b>	<b>9,093</b>		<b>234</b>
Desolation	Measured							
	Indicated	0.8	0.80	0.30	0.06	6,232	6,591	492
	Inferred	1.1	0.60	0.20	0.04	6,608	5,761	448
	<b>Total</b>	<b>1.9</b>	<b>0.70</b>	<b>0.25</b>	<b>0.05</b>	<b>12,840</b>	<b>12,352</b>	<b>940</b>
<b>Total</b>		<b>28.0</b>	<b>0.84</b>			<b>224,527</b>	<b>176,308</b>	<b>10,389</b>

## Queensland Mining Corporation Ltd and its Subsidiaries

### DIRECTORS' REPORT

For the year ended 30 June 2014

#### Non White Range projects

QMC Limited Other Projects	Resource		Grade			Metal Contained		
	Resource Category	Tonnes (Kt)	Copper (%)	Gold (g/t)	Cobalt (%)	Copper (tonnes)	Gold (Oz)	Cobalt (tonnes)
Gilded Rose	Measured							
	Indicated	22.7	N/A	5.1	N/A		3,750	
	Inferred	120.8	N/A	4.0	N/A		15,650	
	Total	143.5	N/A	4.6	N/A		19,400	
Mt. Freda	Measured							
	Indicated							
	Inferred	1,600.0	N/A	1.7	N/A		89,000	
	Total	1,600.0	N/A	1.7	N/A		89,000	
Flamingo	Measured							
	Indicated							
	Inferred	117.0	6.0	1.8	N/A	7,020	6,771	
	Total	117.0	6.0	1.8	N/A	7,020	6,771	
Horseshoe	Measured							
	Indicated	280.0	1.4	0.1	0.02	3,830	985	53
	Inferred	680.0	1.5	0.1	0.01	10,304	2,874	96
	Total	960.0	1.5	0.1	0.02	14,134	3,859	149
Stuart	Measured							
	Indicated	2,100.0	0.9	0.2	N/A	18,444	11,587	
	Inferred	200.0	0.7	0.2	N/A	1,224	875	
	Total	2,300.0	0.8	0.2	N/A	19,668	12,462	

#### Competent Person's Statement:

*The exploration results and mineral resources estimates mentioned in this report were previously reported in Greenmount Resources Update released on 7 August 2013 and the 2013 Annual Report released on 22 October 2013. 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 mineralization 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.*

## **Queensland Mining Corporation Ltd and its Subsidiaries**

### **DIRECTORS' REPORT**

**For the year ended 30 June 2014**

#### **Environmental issues**

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

#### **Significant changes in the state of affairs**

During the financial year, the Company raised \$2.56 million in the Rights Issue announced on 8 October 2013.

Part of the shortfall of the Right Issue was subsequently placed to several investors in January and February 2014 and raised an additional \$0.45 million.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

#### **Matters subsequent to the end of the financial year**

On 24 July 2014 the Company issued 2,889,068 ordinary shares to Redrock Exploration Services Pty Ltd as full settlement of \$34,091 exploration consultancy services provided.

Apart from the shares issued as discussed above no matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

#### **Likely developments and expected results of operations**

The consolidated entity intends to continue its exploration and evaluation activities on its existing projects. Other than as referred to in this report any further information as to the likely developments in the operations of the Group and the likely results of those operations, would in the opinion of the Directors be speculation and would not be in the best interest of the Group.

#### **Information on directors**

**Dr Lakshman Jayaweera**, MSc and PhD (UNSW)

*Independent Non-executive Chairman*

(Appointed a director on 21 January 2013 and the Chairman on 30 July 2013)

Dr Jayaweera is a chemical engineer by profession with over 30 years of experience in the field of resource recovery sector in Australia, including his career success with Rio Tinto (formerly, CRA Ltd) from 1980 to 1986. He was the founder of Hydromet Corporation Limited, a company specialising in metallurgical processing and metal recycling field in Australia. During his tenure in the company from 1990 to 2012, he held various positions including the position as a Managing Director and Executive Chairman. Dr Lakshman currently serves as the Chairman of the board of investment of Sri Lanka, which is the premier agency responsible for attracting foreign direct investment into the country.

**Mr Jun Qiu**, EMBA

*Non-executive Director*

(Appointed on 21 June 2013)

Mr Qiu is a director and shareholder of Great Tang Brothers Resource Investment Pty Ltd., a major shareholder of the Company. He is a well-regarded businessman based in Xian, China with over 20 years' experience in China's resources sector. He is involved in a wide range of business activities which includes steel processing, commodity logistics and real estate development. He is currently a representative of Xian People's Congress.



## Queensland Mining Corporation Ltd and its Subsidiaries

### DIRECTORS' REPORT

For the year ended 30 June 2014

**Mr Eddy Wu**, BSc, MSc and MCom

*Executive Director and CEO*

(Appointed a director on 8 August 2013 and the CEO on 1 September 2013)

Mr Wu graduated from the University of Science and Technology, Beijing. He holds a Master's Degree in Commerce (Finance) from the Australian National University and a Master's Degree in Science from Cass Business School, City University London. Mr Wu has a strong finance and management background and has worked as CEO/MD of several resources companies in Australia. As the first CEO of Murray Zircon Pty Ltd, he successfully completed the development and start-up of Mindarie Mineral Sands project in South Australia.

**Mrs Joyce Wang**, CPA, MCom (USYD)

*Alternate Director to Mr Qiu*

(Appointed on 22 June 2013)

Mrs Wang is also a director of Great Tang Brothers Resource Investment Pty Ltd. She is an experienced CPA with over ten year's financial accounting experience covering business services, tax, and commercial roles.

**Mr John Bradley**,

*Alternate Director to Dr Jayaweera*

(Appointed on 10 April 2013. Resigned on 9 December 2013)

Mr Bradley attended what is now the Applied Chemistry Faculty of the University of NSW after completing High School in Sydney's North Shore. In 1969 he started Bituminous Products in Sydney which spread to become a nationwide supplier in the road products field. He sold Bituminous in 2006, after purchasing Hardman Chemicals in 2000. Mr Bradley has extensive experience in chemical manufacturing and mining area.

**Ms Cathie Wu**, BSc, MPhil

(Resigned on 8 August 2013)

Cathie holds a Bachelor of Science from Fudan University and a MPhil (Research) in InfSys from the University of New South Wales. She has a strong background in business analysis and was formerly a project development manager at UBS SDIC Fund Management Company in China. For the past 5 years Cathie has been involved in corporate analysis and investment in the mining industry.

**Dr Garry Lowder**, BSc (Hons) University of Sydney, PhD (the University of California at Berkeley) and the Advanced Management Program at the Harvard Business School.

*Independent Non-executive Director*

(Appointed a director and Chairman on 1 May 2013. Resigned on 29 July 2013)

Dr Lowder is a geologist with more than 40 years' experience in the Australian and international mining industry, where his main emphasis has been on the exploration for, and development of, copper-gold deposits in Australia and Indonesia. He is an experienced company director, having served on several boards, including Straits Resources Limited (14 years) and Malachite Resources Limited (15 years), and is currently Chairman of Dome Gold Mines Limited, an unlisted Australian junior mining company with interests in Fiji. He also served for four years as Director General of the NSW Department of Mineral Resources.

## Queensland Mining Corporation Ltd and its Subsidiaries

### DIRECTORS' REPORT

For the year ended 30 June 2014

#### Company secretary

The following persons held the position of Company Secretary during or since the end of the financial year:

Mr Pipvide Tang, was appointed as Chief Financial Officer ('CFO') and Company Secretary on 8 August 2013. Mr Tang is a member of CPA Australia and has a Master degree in Business Administration (UNE). He has over 25 years' experience acting as CFO and company secretary for publicly listed companies in Australia and overseas.

Mr Riccardo Vittino holds Bachelor of Commerce Degree (UWA) and is a Fellow of the Institute of Company Directors of Australia. He has extensive expertise in the resources sector in Australia and overseas spanning over 25 years. Mr Vittino resigned from the office of Company Secretary on 30 September 2013.

#### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2014, and the number of meetings attended by each director were:

Director	Director's Meetings	
	Entitled to Attend	Attended
Dr Lakshman Jayaweera	6	5
Mr Jun Qiu	6	4
Mr Eddy Wu	5	5
Mrs Joyce Wang	6	6
Mr John Bradley	4	3
Ms Cathie Wu	1	1
Mr Garry Lowder	0	0

Member	Audit Committee Meetings	
	Entitled to Attend	Attended
Dr Lakshman Jayaweera	2	2
Mrs Joyce Wang	2	2
Mr Eddy Wu	2	1

Member	Remuneration Committee Meetings	
	Entitled to Attend	Attended
Dr Lakshman Jayaweera	1	1
Mrs Joyce Wang	1	1
Mr Eddy Wu	0	0

## Queensland Mining Corporation Ltd and its Subsidiaries

### DIRECTORS' REPORT

For the year ended 30 June 2014

#### Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- Remuneration policies
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

#### *Remuneration policies*

The remuneration policy, which sets the term and conditions for the key management personnel, was developed by the remuneration committee after seeking professional advice from independent consultants and was approved by the Board. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The remuneration committee reviews executive packages annually by reference to Group performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the Group's profits and shareholders value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

Executives are also entitled to participate in the employee share and option arrangements.

The amount of remuneration for all key management personnel for the Group, including all monetary and non-monetary components, are detailed in the directors' report under the heading key management personnel compensation. All remuneration paid to executives is valued at the cost to the Company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implements will result in the Group being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9.5%. Some individuals, however, may choose to sacrifice part of their salary to increase payments toward superannuation.

All remuneration paid to key management is valued at cost to the Group and expensed.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

**DIRECTORS' REPORT**

**For the year ended 30 June 2014**

*Non-executive directors' remuneration*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 28 November 2011, where the shareholders approved an aggregate remuneration of \$300,000.

*Executive remuneration*

The Group and Company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has two components:

- Base salary; and
- Short-term incentive ('STI') - discretionary performance bonus.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, is reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

*Response to vote Against 2013 Remuneration Report*

At the Group's 2013 Annual General Meeting, the Group received votes against its Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote. A spill resolution was subsequently considered by the shareholders at the meeting and failed to carry by a poll. Even though the Company is not required to hold a Spill Meeting, the Company stills received a "First Strike" against its 2013 Remuneration Report.

In these circumstances, the Corporations Act 2001 requires the Group to include in this year's remuneration report, an explanation of the Board's proposed action in response to that First Strike or, alternatively, if the Board does not propose any action, the Board's reason for such inaction.

The Directors and Key Management Personnel remuneration has been a key priority for the Board in the 2014 Financial Year with a restructuring process being initiated in early 2013 and resulted in a complete change in the Board of Directors and the replacement of most of the Key Management Personnel. The Board now consists of three directors and their remuneration packages were formulated to be comparable to other companies of similar size and operations. The number of Key Management Personnel was also reduced significantly as part of the restructuring process. The remuneration packages of those newly recruited Key Management Personnel were closely examined by the Remuneration Committee to ensure their remuneration packages are comparable to Key Management Personnel of other companies of similar size and operations.

The Board is confident that appropriate action has been taken in the last financial year to address the concerns relating to the 2013 Remuneration Report. The Board believes that the current remuneration arrangements for its Directors and Key Management Personnel are fair, reasonable and appropriate under the circumstance and support the growth and strategic direction of the Group.

## Queensland Mining Corporation Ltd and its Subsidiaries

### DIRECTORS' REPORT

For the year ended 30 June 2014

#### Details of remuneration

Details of remuneration of the Directors, other Key Management Personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Group) and specified executives of the Group are set out below in the following tables.

The Key Management Personnel of the Group consisted of the directors and senior management of the Group.

#### 2014

Director	Short- term benefits			Post-employment		Long- term benefit		
	Director's fee and salary \$	Bonus \$	Others \$	Super-annuation \$	Total \$	Other \$	Share-based payment \$	Total \$
<i>Executive Directors</i>								
Eddy Wu	80,277	-	-	7,056	87,333	-	-	-
<i>Non – Executive Directors</i>								
Lakshman Jayaweera	70,000	-	-	-	70,000	-	-	-
Jun Qiu	45,156	-	-	4,177	49,333	-	-	-
Garry Lowder	6,000	-	-	-	6,000	-	-	-
Cathie Wu	4,000	-	-	-	4,000	-	-	-
<i>Alternate Directors</i>								
John Bradley	-	-	-	-	-	-	-	-
Joyce Wang	-	-	31,667*	2,929	34,596*	-	-	-
<b>Total</b>	205,433	-	31,667	14,162	251,262	-	-	-

\* Salary paid to Mrs Joyce Wang for her position as the accountant of the Group.

Key Management Personnel	Short- term benefits			Post-employment		Long- term benefit		
	KMP fee and salary \$	Bonus \$	Others \$	Super-annuation \$	Total \$	Others \$	Share based payment \$	Total \$
Pipvide Tang	66,000	-	-	6,105	72,105	-	-	-
Anthony Martin*	61,148	-	-	8,333	69,481	-	-	-
Riccardo Vittino*	30,000	-	-	-	30,000	-	-	-
Stephen Maffey*	60,524	-	-	2,922	63,446	-	-	-
<b>Total</b>	217,672	-	-	17,360	235,032	-	-	-

\* Resigned/terminated during the financial year.

**Queensland Mining Corporation Ltd and its Subsidiaries**

**DIRECTORS' REPORT**

**For the year ended 30 June 2014**

**2013**

Director	Short- term benefits			Post-employment		Long- term benefit		
	Director's fee and salary \$	Bonus \$	Others \$	Super-annuation \$	Total \$	Other \$	Share-based payment \$	Total \$
<i>Executive Directors</i>								
Howard Renshaw	430,032	-	-	108,333	<b>538,365</b>	290,871*	-	290,871
<i>Non – Executive Directors</i>								
David E Usasz	-	-	-	-	-	-	-	-
Garry Lowder	12,000	-	-	-	<b>12,000</b>	-	-	-
Lakshman Jayaweera	21,280	-	-	-	<b>21,280</b>	-	-	-
Brian Rear	50,416	-	-	-	<b>50,416</b>	-	-	-
Richard Hill	41,333**	-	-	-	<b>41,333</b>	-	-	-
Robert Besley	50,800	-	-	-	<b>50,800</b>	-	-	-
Cathie Wu	32,000	-	-	-	<b>32,000</b>	-	-	-
Jun Qiu	-	-	-	-	-	-	-	-
<i>Alternate Directors</i>								
John Bradley	-	-	-	-	-	-	-	-
Joyce Wang	-	-	-	-	-	-	-	-
<b>Total</b>	<b>637,861</b>	<b>-</b>	<b>-</b>	<b>108,333</b>	<b>746,194</b>	<b>290,871</b>	<b>-</b>	<b>290,871</b>

\* Entitlement paid in relation to: termination payment \$240,000; and annual leave \$13,822 (reimbursement of accumulated leave); and long service leave \$37,049 (reimbursement of accumulated leave)- These amounts were paid to Butmall Pty Ltd to reimburse that company for payments made to Mr Renshaw.

\*\*Including company secretary fee - \$28,000 paid to Mr Hill.

Key Management Personnel	Short- term benefits			Post-employment		Long- term benefit		
	KMP fee and salary \$	Bonus \$	Others \$	Super-annuation \$	Total \$	Others \$	Share based payment \$	Total \$
Anthony Martin	100,667	-	-	8,333	<b>109,000</b>	-	-	-
Riccardo Vittino	59,176*	-	-	-	<b>59,176</b>	-	-	-
Stephen Maffey	250,000	-	-	16,875	<b>266,875</b>	-	-	-
<b>Total</b>	<b>409,843</b>	<b>-</b>	<b>-</b>	<b>25,208</b>	<b>435,051</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*Including Company Secretary fee - \$28,000



## Queensland Mining Corporation Ltd and its Subsidiaries

### DIRECTORS' REPORT

For the year ended 30 June 2014

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI	
	2014	2013	2014	2013
<i>Executive Directors:</i>				
Eddy Wu	100%	N/A	-%	N/A
Howard Renshaw	N/A	100%	N/A	-%
<i>Non-Executive Directors:</i>				
Lakshman Jayaweera	100%	100%	-%	-%
Jun Qiu	100%	-%	-%	-%
Joyce Wang*	100%	N/A	-%	N/A
John Bradley*	N/A	N/A	N/A	N/A
David Usasz	N/A	100%	N/A	-%
Garry Lowder	N/A	100%	N/A	-%
Brian Rear	N/A	100%	N/A	-%
Robert Besley	N/A	100%	N/A	-%
Cathie Wu	N/A	100%	N/A	-%
<i>Other Key Management Personnel:</i>				
Pipvide Tang	100%	N/A	-%	N/A
Anthony Martin	100%	100%	-%	-%
Riccardo Vittino	100%	100%	-%	-%
Stephen Maffey	100%	100%	-%	-%

\* Alternate directors.

There were no cash bonuses paid/payable or forfeited in current and previous reporting period.

### Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Eddy Wu  
 Title: Chief Executive Officer  
 Term commenced: 1 September 2013  
 Term of agreement: 1 year  
 Details: Base salary of \$100,000 per annum (inclusive of 9.25% superannuation contribution) plus discretionary bonus up to 100% of the base salary paid by cash or company's shares. Contract renewable by mutual agreement.

Name: Pipvide Tang  
 Title: Chief Financial Officer and Company Secretary  
 Term commenced: 1 August 2013  
 Term of agreement: 1 year  
 Details: Base salary of \$72,000 per annum plus 9.25% superannuation contribution plus discretionary bonus to be determined by the Remuneration Committee. Contract renewable by mutual agreement.

Name: Joyce Wang  
 Title: Alternate Director and Accounts Manager  
 Term commenced: 1 September 2013  
 Term of agreement: 1 year  
 Details: Base salary of \$38,000 per annum plus 9.25% superannuation contribution. Contract renewable by mutual agreement.

## Queensland Mining Corporation Ltd and its Subsidiaries

### DIRECTORS' REPORT

For the year ended 30 June 2014

#### Share based compensation

##### *Issue of shares*

There were no shares issued to directors or key management personnel as part of their compensation during the year.

##### *Options*

There were no options issued to directors or key management personnel as part of their compensation during the year.

#### Additional disclosures relating to key management personnel

##### *Shareholding*

The number of ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/other	Balance at the end of the year
	No.	No.	No.	No.
Dr Lakshman Jayaweera	25,181,057	10,304,822	-	35,485,879
Mr Jun Qiu	125,120,000	50,048,000	-	175,168,000
Mr Eddy Wu	365,579	10,910,967	-	11,276,546
<b>Total</b>	<b>150,666,636</b>	<b>71,263,789</b>	<b>-</b>	<b>221,930,425</b>

No options are held by the Key Management Personnel.

***This concludes the remuneration report, which has been audited.***

#### Shares under option

Unissued ordinary shares of Queensland Mining Corporation Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
30/11/2011	30/11/2014	10 cents	17,450,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

No shares of the Company were issued during the year ended 30 June 2014 and up to the date of this report on the exercise of options granted.

#### Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

## Queensland Mining Corporation Ltd and its Subsidiaries

### DIRECTORS' REPORT

For the year ended 30 June 2014

#### Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

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 on the 29 August 2013 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 as to costs) in the main case and also dismissed the Counter Claim by Mr. Renshaw and Butmall Pty Ltd.

On 3 June 2014 Mr Renshaw and Butmall Pty Ltd filed an appeal against the judgment. The appeal is expected to list for hearing in November 2014.

#### Auditors

BDO will continue in office in accordance with section 327 of the Corporations Act 2001.

#### Non-audit services

The Group may decide to employ the auditors on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Group and/or Queensland Mining Corporation Limited are important.

Details of amounts paid or payable to the auditors, BDO, for audit services provided during the year are set out below:

	2014 \$	2013 \$
<b>Audit services</b>		
BDO – Audit and review of financial reports	62,600	64,167

There were no non-audit services provided by BDO during the year (2013: nil).

#### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 24.

**Queensland Mining Corporation Ltd and its Subsidiaries**

**DIRECTORS' REPORT  
For the year ended 30 June 2014**

This report is made in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'Eddy Wu', is positioned above a horizontal dashed line.

Eddy Wu  
Director

23 September 2014  
Sydney

**DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF QUEENSLAND MINING CORPORATION LIMITED**

As lead auditor of Queensland Mining Corporation Limited for the year ended 30 June 2014, 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.



**Grant Saxon**  
Partner

**BDO East Coast Partnership**

Sydney, 23 September 2014

## Queensland Mining Corporation Ltd and its Subsidiaries

### Corporate Governance Statement

The Board of directors of Queensland Mining Corporation is responsible for establishing the corporate governance framework of the consolidated entity having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its 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 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, to justify some of these Recommendations. The Board is of the view that with the exception of the departures to the Council's Corporate Governance Principles and Recommendations as are set out below, it otherwise complies with all of the Council's Corporate Governance Principles and Recommendations during the year ended 30 June 2014.

The following table briefly addresses each recommendation made by the Corporate Governance Principles and Recommendations.

ASX Principles and Recommendations	Summary of position of the Company
<b>Principle 1 – Lay solid foundations for management and oversight</b> Companies should establish and disclose the respective roles and responsibilities of board and management.	
<b>Recommendation 1.1</b> – Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Board has approved a formal charter that details their functions and responsibilities. The charter includes a formal statement of the area of authority delegated to senior executives.
<b>Recommendation 1.2</b> – Companies should disclose the process for evaluating the performance of senior executives.	The Remuneration and Nomination Committee is responsible for the evaluation and review of performance of individual executives against measurable and qualitative indicators. The review is undertaken annually.
<b>Recommendation 1.3</b> – Companies should provide the information indicated in the Guide to reporting on Principle 1.	The Company will report and address any departures from Recommendations 1.1, 1.2 and 1.3 in its future annual reports and on its website.
<b>Principle 2 – Structure the Board to Add Value</b> Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.	
<b>Recommendation 2.1</b> – A majority of the board should be independent directors.	The current Board consists one independent non-executive director, one non-executive director and one executive director. While the Company does not presently comply with this Recommendation 2.1, the Company may consider appointing further independent directors in the future. The Company is of the view that given the current size and scale of its operations, non-compliance with



## Queensland Mining Corporation Ltd and its Subsidiaries

	Recommendation 2.1 will not be detrimental to the Company.
<b>Recommendation 2.2</b> – The chair should be an independent director.	During the financial year 2014 the Board was chaired by an independent non-executive director. Dr Lakshman Jayaweera was appointed in July 2013 as the Company's independent non-executive Chairman.
<b>Recommendation 2.3</b> – The roles of chair and chief executive officer should not be exercised by the same individual.	Dr Lakshman Jayaweera holds the position of Chairperson of the board while the position of CEO is held by Mr Eddy Wu.
<b>Recommendation 2.4</b> – The board should establish a nomination committee.	A committee has been established to provide advice, recommendations and assistance to the board, with regards to remuneration policies and identifying nominees for senior appointments.
<b>Recommendation 2.5</b> – Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>The committee will evaluate the performance of the board and individual directors against both measurable and qualitative indicators, established by the committee.</p> <p>The committee will review its performance from time to time and whenever there are major changes to the management of the company.</p>
<b>Recommendation 2.6</b> – Companies should provide the information indicated in the Guide to reporting on Principle 2.	The Company will report and address any departures from Recommendations 2.1 to 2.6 in its future annual reports and on its website.
<b><i>Principle 3 – Promote Ethical and Responsible Decision Making</i></b> Companies should actively promote ethical and responsible decision-making.	
<b>Recommendation 3.1</b> – Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>• The practices necessary to maintain confidence in the company's integrity.</li> <li>• The practices necessary to take into account their legal obligations and the reasonable expectations of the stakeholders.</li> <li>• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<p>The Company has established a Corporate Code of Conduct which regulates the Company's external dealings and dealings with Shareholders. All executives and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information and act with the highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, the Company, its Shareholders, customers, suppliers and the community.</p> <p>The code of conduct will be regularly reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism.</p>

## Queensland Mining Corporation Ltd and its Subsidiaries

<p><b>Recommendation 3.2-</b> Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.</p>	<p>The Company currently employ one female employee due to its limited number of staff member. There are presently no women on the Board of Directors other than Mrs Joyce Wang as an alternate director.</p>
<p><b>Recommendation 3.3 –</b> Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p>	<p>Due to the current size and scale of its operations, the Company is unable to comply with Recommendation 3.3.</p> <p>The Company is of the view that non-compliance with Recommendation 3.3 will not be detrimental to the Company.</p>
<p><b>Recommendation 3.4 –</b> Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.</p>	<p>Due to small number of employees and the scale of its operations, the Company is unable to comply with Recommendation 3.4.</p> <p>The Company is of the view that non-compliance with Recommendation 3.4 will not be detrimental to the Company.</p>
<p><b>Recommendation 3.5 –</b> Companies should provide the information indicated in the Guide to reporting on Principle 3.</p>	<p>The Company will report and address any departures from Recommendations 3.1 to 3.5 in its future annual reports and on the Company's website.</p>
<p><b><i>Principle 4 – Safeguard Integrity in Financial Reporting</i></b></p> <p>Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.</p>	
<p><b>Recommendation 4.1 –</b> The Board should establish an audit committee.</p>	<p>The Company has established an Audit and Risk Management Committee to assist the Board with monitoring and reviewing financial controls, the competency of internal and external auditors and the Company's risk policies.</p>
<p><b>Recommendation 4.2 –</b> The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• Consists only of non-executive directors.</li> <li>• Consists of a majority of independent directors.</li> <li>• Is chaired by an independent chair, who is not chair of the board.</li> <li>• Has at least three members.</li> </ul>	<p>The committee consists two non-executive directors and one executive director. The chairperson of the committee is not the chairman of the Board.</p> <p>Due to the current size and structure of the board, the Company is unable to fully comply with Recommendation 4.2.</p> <p>The Company is satisfied however that the current composition of committee members is adequate and that non-compliance with</p>

## Queensland Mining Corporation Ltd and its Subsidiaries

	Recommendation 4.2 will not be detrimental to the Company.
<b>Recommendation 4.3</b> – The audit committee should have a formal charter.	An Audit and Risk Management Committee Charter has been established and will govern the roles, responsibilities, composition and membership of the audit and risk management committee.
<b>Recommendation 4.4</b> – Companies should provide the information indicated in the Guide to reporting on Principle 4.	The Company will report and address any departures from Recommendations 4.1 to 4.4 in its future annual reports.
<b>Principle 5 – Make Timely and Balanced Disclosure</b> Companies should promote timely and balanced disclosure of all material matters concerning the company.	
<b>Recommendation 5.1</b> – Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Board has adopted a formal continuous disclosure policy which sets out in its obligations in respect of continuous disclosure under the <i>Corporations Act 2001 (Cth)</i> and the ASX Listing Rules.</p> <p>The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the Corporations Act. Executive Director, in conjunction with all Non-Executive Directors, are charged with the day-to-day disclosure to the market of any information in relation to the on-going exploration activities of the Company.</p>
<b>Recommendation 5.2</b> – Companies should provide the information indicated in the Guide to reporting on Principle 5.	The Company will report and address any departures from Recommendations 5.1 and 5.2 in its future annual reports and on its website.
<b>Principal 6 – Respect the Rights of Shareholders</b> Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.	
<b>Recommendation 6.1</b> – Companies should design a communications policy for promoting effective communications with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Board has established a formal code of conduct setting out the Company's obligations to stakeholders including shareholders.
<b>Recommendation 6.2</b> – Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company will report and address any departures from Recommendations 6.1 and 6.2 in its future annual reports and on its website.

## Queensland Mining Corporation Ltd and its Subsidiaries

<b>Principle 7 – Recognise and Manage Risk</b> Companies should establish a sound system of risk oversight and management and internal control.	
<b>Recommendation 7.1</b> – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company's risk management policies are incorporated in the Audit and Risk Management Committee Charter.
<b>Recommendation 7.2</b> – The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Ultimate responsibility for risk oversight and risk management rests with the full Board, notwithstanding the establishment of the committee.
<b>Recommendation 7.3</b> – The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board will disclose in its annual report and on its website whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
<b>Recommendation 7.4</b> – Companies should provide the information indicated in the Guide to reporting on Principle 7.	The Company will report and address any departures from Recommendations 7.1 to 7.4 in its annual reports and on its website.
<b>Principle 8 – Remunerate Fairly and Responsibly</b> Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.	
<b>Recommendation 8.1</b> – The Board should establish a remuneration committee.	A committee has been established to provide advice, recommendations and assistance to the board, with regards to remuneration policies and identifying nominees for senior appointments.
<b>Recommendation 8.2</b> – The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>Consists of a majority of independent Directors.</li> <li>Is chaired by an independent chair.</li> <li>Has at least three members.</li> </ul>	<p>The committee consists one independent non-executive director, one non-executive directors and one executive director. The committee is chaired by a non-executive director.</p> <p>Due to the current structure of the Board, the Company is unable to fully comply with Recommendation 8.2. The Company is</p>

## Queensland Mining Corporation Ltd and its Subsidiaries

	satisfied however that the current composition of committee members is adequate and that non-compliance with Recommendation 8.2 will not be detrimental to the Company.
<b>Recommendation 8.3</b> – Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	The remuneration of executive director is designed to motivate directors with the aim of enhancing the long-term growth and performance of the company. Non-executive directors' remuneration is generally fee based. They do not participate in remuneration schemes designed for executive directors or receive options, bonus payments or retirement benefits, other than statutory superannuation.
<b>Recommendation 8.4</b> – Companies should provide the information indicated in the Guide to reporting to on Principle 8.	The Company will report and address any departures from Recommendations 8.1 to 8.4 (if any) in its annual reports and on its website.

### Other Information

Further information relating the company's corporate governance practices and policies has been made publicly available on the company's website at [www.queenslandminingcorporation.com.au](http://www.queenslandminingcorporation.com.au).

**Queensland Mining Corporation Ltd and its Subsidiaries**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Note</b>	<b>Consolidated</b>	
		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
Interest received		42,383	23,466
Other income	4	16,336	2,955
Accountancy fees		(99,460)	(99,930)
Auditor's remuneration	8	(62,600)	(64,167)
Corporate development expenses		-	(78,450)
Depreciation expenses		(105,086)	(459,063)
Exploration expenses		(181,786)	(538,276)
Employee expenses		(265,613)	(1,432,199)
Impairment of assets	12,13	(211,892)	(14,661,419)
Loss on disposal of plant and equipment		(60,286)	-
Finance costs		(15,865)	(321,258)
Management fees		(384,188)	(1,287,795)
Fringe benefit tax		(115,188)	-
Legal cost		(173,702)	(234,171)
Rental expenses		(159,547)	(284,730)
Travel expenses		(78,421)	(104,145)
Insurance		(51,063)	(74,955)
Marketing & Investor relations		(49,772)	(270,264)
Compliance fees		(26,901)	(56,322)
Bad debts written off		-	(306,735)
Other expenses		(187,868)	(462,681)
		<hr/>	<hr/>
Loss before income tax benefit	5	(2,170,519)	(20,710,139)
Income tax benefit	6	683,505	395,782
		<hr/>	<hr/>
Loss after income tax benefit		(1,487,014)	(20,314,357)
Other comprehensive income for the year		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		(1,487,014)	(20,314,357)
		<hr/>	<hr/>
<b>Loss per share from loss attributable to ordinary holders of the parent</b>			
<b>Basic and diluted EPS</b>	26	(0.15 cents)	(3.42 cents)

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.



**Queensland Mining Corporation Ltd and its Subsidiaries**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2014**

	Note	Consolidated 2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	1,864,870	1,334,519
Trade and other receivables	10	23,367	439,121
Total current assets		1,888,237	1,773,640
<b>Non-current assets</b>			
Plant and equipment	11	897,770	1,330,414
Mining licences	12	14,533,967	14,503,967
Exploration and evaluation	13	11,075,557	9,818,897
Total non-current assets		26,507,294	25,653,278
<b>Total assets</b>		28,395,531	27,426,918
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	14	-	211,065
Trade and other payables	15	229,504	579,352
Total current liabilities		229,504	790,417
<b>Total liabilities</b>		229,504	790,417
<b>Net assets</b>		28,166,027	26,636,501
<b>EQUITY</b>			
Issued capital	16	77,102,185	74,085,645
Share option reserve		2,995,191	2,995,191
Accumulated losses		(51,931,349)	(50,444,335)
<b>Total equity</b>		28,166,027	26,636,501

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Queensland Mining Corporation Ltd and its Subsidiaries**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

**Consolidated**

	<b>Issued Capital \$</b>	<b>Share Option Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2012	62,089,732	2,995,191	(30,129,978)	34,954,945
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity	12,606,731	-	-	12,606,731
Share issue costs	(610,818)	-	-	(610,818)
	74,085,645	2,995,191	(30,129,978)	46,950,858
Loss for the year	-	-	(20,314,357)	(20,314,357)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(20,314,357)	(20,314,357)
Balance at 30 June 2013	74,085,645	2,995,191	(50,444,335)	26,636,501
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity	3,076,193	-	-	3,076,193
Share issue costs	(59,653)	-	-	(59,653)
Total comprehensive loss for the year	-	-	(1,487,014)	(1,487,014)
Balance at 30 June 2014	77,102,185	2,995,191	(51,931,349)	28,166,027

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Queensland Mining Corporation Ltd and its Subsidiaries**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR ENDED 30 JUNE 2014**

	Note	Consolidated 2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		6,244	-
Payments to suppliers and employees (inclusive of GST)		(1,744,432)	(5,216,764)
Income tax benefit received		683,505	352,537
Interest received		42,383	23,466
Interest expense		(31,543)	(197,834)
Net cash used in operating activities	25	(1,043,843)	(5,038,595)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		-	(74,101)
Proceeds from sale of plant & equipment		267,270	84,726
Payment for acquisition of mining tenement		(30,000)	-
Payments for exploration and evaluation and mining licences		(1,468,552)	(4,291,828)
Net cash used in investing activities		(1,231,282)	(4,281,203)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of shares issue costs		3,016,541	11,995,913
Repayments of borrowings		(211,065)	(2,788,935)
Net cash generated by financing activities		2,805,476	9,206,978
Net increase/(decrease) in cash and cash equivalents		530,351	(112,820)
Cash and cash equivalents at beginning of the financial year		1,334,519	1,447,339
Cash and cash equivalents at the end of the financial year	9	1,864,870	1,334,519

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 1: Significant accounting policies**

These consolidated financial statements and notes represent those of Queensland Mining Corporation Limited and its subsidiaries (the “consolidated group” or “Group”). Queensland Mining Corporation Limited is incorporated and domiciled in Australia and is listed on the Australian Securities Exchange.

The financial statements are presented in English and Australian Dollars, which is the Group’s functional and presentation currency.

#### **New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *AASB 10 Consolidated Financial Statements*

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

#### *AASB 11 Joint Arrangements*

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

#### *AASB 12 Disclosure of Interests in Other Entities*

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 1: Significant account policies (continued)**

##### *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

##### *AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

##### *AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

##### *AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The consolidated entity has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

##### *AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

##### *AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments*

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 1: Significant accounting policies (continued)**

##### *Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20*

The consolidated entity has applied Interpretation 20 and its consequential amendments from 1 July 2013. The Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The Interpretation only deals with waste removal costs that are incurred in surface mining activities during the production phase of the mine.

##### *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

#### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

##### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

##### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### **Parent entity information**

In accordance with the Corporation Act 2001, these financial statements present the result of the consolidated entity only. Supplementary information about the parent is disclosed in note 22.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 1: Significant accounting policies (continued)**

##### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Queensland Mining Corporation Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Queensland Mining Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

##### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

##### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

##### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 1: Significant accounting policies (continued)

##### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits, or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Queensland Mining Corporation Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Where the consolidated entity is entitled to a research and development tax offset, this is treated as an income tax credit in the period that the refund was received.



## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 1: Significant accounting policies (continued)**

##### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

##### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

##### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 1: Significant accounting policies (continued)**

##### **Plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives from 2 to 20 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

##### **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

##### **Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

##### **Mining assets**

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

##### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 1: Significant accounting policies (continued)**

##### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

##### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

##### **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long term borrowings.

##### **Employee benefits**

###### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

###### *Other long-term employee benefit*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

###### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

###### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 1: Significant accounting policies (continued)**

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

#### **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 1: Significant accounting policies (continued)

##### Earnings per share

###### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Queensland Mining Corporation Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

###### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

##### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

##### Going concern

The Group recorded a net loss after tax from operations of \$1,487,014 for the year ended 30 June 2014 (2013: \$20,314,357) and had cash outflows from operations of \$1,043,843 (2013: \$5,038,595). The Group will need to raise further funds to meet its planned exploration activities up to September 2015. These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors believe that the Group will be able to raise further necessary funds for its planned exploration activities and be cash positive to September 2015, as the Group has been successful in raising funds in the past and believe the shareholders will support an issue. On that basis the Directors are of the opinion that the financial statements can be prepared on a going concern basis and the Group will be able to pay its debts as and when they fall due and payable.

Should the Group be unable to continue as a going concern it may be required to realize its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

##### Comparatives

Certain prior year comparatives have been reclassified to conform to the current year presentation.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 1: Significant accounting policies (continued)**

##### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

##### *AASB 9 Financial Instruments and its consequential amendments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 30 June 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 30 June 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

##### *AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

##### *AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

##### *Annual Improvements to IFRSs 2010-2012 Cycle*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 2: Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

#### *Exploration and evaluation costs*

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 3: Operating segments

##### *Identification of reportable operating segments*

The consolidated entity 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 (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

The Board of Directors reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the Board are consistent with those adopted in the financial statements.

The information reported to the Board is on at least a monthly basis.

##### *Types of products and services*

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 consolidated entity are in exploration stage and has no major customers for its products and services.

##### *Geographical information*

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

#### Note 4: Other income

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Rent on tenements refunded	2,365	-
Sales of scrapped equipment	7,727	-
Others	6,244	2,955
	16,336	2,955

#### Note 5: Expenses

Loss from continuing operations before income tax has been determined after:

##### **Employee expenses**

Wages and salaries	132,686	989,710
Other employment expenses	119,572	365,507
Superannuation	13,355	76,982
	265,613	1,432,199

##### **Other Expenses:**

Bad debts written off	-	306,735
Rental of administration office and field office	159,547	284,730
Fringe benefit tax for FY2011, 2012 and 2013	115,188	-

##### **Impairment of assets**

Mining licences (Note 12)	-	2,462,096
Exploration and evaluation expenditure (Note 13)	211,892	9,559,329
Plant and equipment (Note 11)	-	2,564,994
Inventories	-	75,000
	211,892	14,661,419



## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 6: Income tax expense

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Income tax benefit	683,505	395,782
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax benefit from ordinary activities	(2,170,519)	(20,710,139)
Tax benefit at the statutory tax rate of 30%	(651,156)	(6,213,042)
Tax effect amount which are not deductible/(taxable) in Calculating taxable income:		
- Other non-deductible items	9,863	(72,272)
- Impairment of assets	63,567	4,398,426
Tax effect of tax losses not brought to account as they do not meet the recognition criteria of deferred tax assets	577,726	1,886,888
Research and development tax concession and fuel tax credit	683,505	395,782
Income tax benefit	683,505	395,782
Total tax losses for which no deferred tax asset has been recognised	30,683,658	30,105,932

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 or 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.

No changes in tax legislation adversely affect the Company and/or the Group in realising the benefit.

#### Note 7: Key management personnel disclosures

##### *Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	454,772	1,047,704
Post-employment benefits	31,522	424,412
	486,294	1,472,116

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 8: Remuneration of auditors

	Consolidated	
	2014	2013
	\$	\$
Audit services - BDO		
Audit or review of the financial statements	62,600	64,167

#### Note 9: Current assets – cash and cash equivalents

Cash at bank	1,864,870	1,334,519
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The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows.

#### Note 10: Current assets – trade and other receivables

Other receivables		
GST and fuel credit receivable	12,946	70,890
Prepayment	6,741	-
Other receivables	3,680	368,231
	23,367	439,121

##### *Impairment of receivables*

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

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing credit terms of debtors based on recent collection practices.

#### Note 11: Non-current assets – plant and equipment

At cost	7,484,511	7,812,069
Less: Accumulated depreciation	(4,021,747)	(3,916,661)
Less: Impairment	(2,564,994)	(2,564,994)
Total	897,770	1,330,414

##### *Reconciliation*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated		
Balance at the beginning of year	1,330,414	4,518,171
Additions	-	74,101
Depreciation	(105,086)	(459,064)
Disposal	(327,558)	(237,800)
Impairment	-	(2,564,994)
Balance at the end of year	897,770	1,330,414

# Queensland Mining Corporation Ltd and its Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### Note 12: Non-current assets - mining licences

	Consolidated	
	2014	2013
	\$	\$
At cost	16,996,063	16,966,063
Less: Impairment	(2,462,096)	(2,462,096)
	<u>14,533,967</u>	<u>14,503,967</u>

#### Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated		
Balance at beginning of year	14,503,967	16,966,063
Additions	30,000	-
Impairment	-	(2,462,096)
Balance at the end of year	<u>14,533,967</u>	<u>14,503,967</u>

### Note 13: Non-current assets - exploration and evaluation

At cost	22,846,778	21,378,226
Less: Impairment	(11,771,221)	(11,559,329)
	<u>11,075,557</u>	<u>9,818,897</u>

Consolidated		
Balance at beginning of year	9,818,897	15,086,398
Additions	1,468,552	4,291,828
Impairment	(211,892)	(9,559,329)
Closing balance	<u>11,075,557</u>	<u>9,818,897</u>

### Note 14: Non-current liabilities - borrowings

Unsecured loan	-	211,065
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Refer to note 19 for further information on financial instruments.

### Note 15: Non-current liabilities – trade and other payables

Trade payables	33,104	363,879
Sundry payables and accrued expenses	196,400	215,473
	<u>229,504</u>	<u>579,352</u>

Refer to note 19 for further information on financial instruments.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 16: Equity – issued capital

	Consolidated 2014 \$	2013 \$
1,126,349,328 fully paid ordinary shares (2013: 869,999,817 fully paid ordinary shares)	77,102,185	74,085,645

#### *Movement in ordinary share capital*

Details	Date	No. of shares	Value \$
Balance	1 Jul 2012	512,892,031	62,089,732
Issue of shares	17 Sep 2012	36,364,121	1,200,016
Issue of shares	24 Sep 2012	115,200,000	3,801,600
Issue of shares	21 Jan 2013	153,192,326	5,668,116
Issue of shares	22 Mar 2013	52,351,339	1,936,999
Share issue transaction costs, net of tax		-	(610,818)
Balance	30 Jun 2013	869,999,817	74,085,645
Issue of shares	27 Nov 2013	213,181,726	2,558,180
Issue of shares	14 Jan 2014	24,260,768	291,129
Issue of shares	10 Feb 2014	13,225,184	158,702
Issue of shares	19 Feb 2014	5,681,833	68,182
Share issue transaction costs, net of tax		-	(59,653)
		1,126,349,328	77,102,185

#### *Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

#### *Share buy-back*

There is no current on-market share buy-back.

#### *Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2013 Annual Report.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 17: Equity – reserve

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Share options reserve	2,995,191	2,995,191

The share option reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees; and
- share based payments to suppliers.

No options were granted or exercised during the year ended 30 June 2014.

#### *Movement in share options reserve*

<b>Details</b>	<b>No. of options</b>	<b>Value \$</b>
Balance 1 Jul 2012	73,730,000	2,995,191
Expired during the year	(56,280,000)	-
Balance 30 Jun 2013	17,450,000	2,995,191
Balance 30 June 2014	17,450,000	2,995,191

#### Note 18: Equity – accumulated losses

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	50,444,335	30,129,978
Losses after income tax benefit for the year	1,487,014	20,314,357
Accumulated losses at the end of the financial year	51,931,349	50,444,335

#### Note 19: Financial instruments

##### ***Financial risk management objective***

The consolidated entity is currently in the exploration phase and its financial risk exposures are limited to interest rate, liquidity and credit risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and price risk.

Risk management is carried out by the senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the consolidated entity's operating unit. Finance reports to the Board on regular basis.

##### ***Interest rate risk***

The consolidated entity's main interest rate risk arises from short term deposit with bank. To minimise its exposure to interest rate risk the consolidated entity is placing its deposits in terms not exceeding 6 month.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 19: Financial instruments (continued)

##### **Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

##### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and the notes to the financial management.

Credit risk is managed on a Group basis and reviewed regularly by the Board. It arises from exposures to customers and deposits with financial institutions.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties that:

- only banks and financial institutions with 'AAA' rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Group's strict credit policies may only purchase in cash or through banks or financial institutions.

##### *Remaining contractual maturities*

The following tables details the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less \$	Remaining contractual maturities \$
<b>Consolidated - 2014</b>			
<b>Non-derivatives</b>			
<i>Non-interest bearing</i>			
Trade Payable	-%	33,104	33,104
Sundry payable and accrued expenses	-%	196,400	196,400
Total non-derivatives		229,504	229,504
<b>Consolidated - 2013</b>			
<b>Non-derivatives</b>			
<i>Non-interest bearing</i>			
Trade Payable	-%	363,879	363,879
Sundry payable and accrued expenses	-%	215,473	215,473
<i>Interest bearing – fixed rate</i>			
Unsecured loan	10%	211,065	211,065
Total non-derivatives		790,417	790,417

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 19: Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

#### Fair value of financial instruments

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

The consolidated entity 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.

#### Note 20: Commitments

	Consolidated	
	2014	2013
	\$	\$
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	74,482	70,803
One to five years	-	59,055
	<u>74,482</u>	<u>129,858</u>

Operating lease commitments includes contracted amount for various office and staff quarters under non-cancellable operating leases expiring within one to two years. On renewal, the terms of the leases are renegotiated.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### **Note 21: Related party transactions**

##### *Parent entity*

Queensland Mining Corporation Limited is the parent entity.

##### *Subsidiaries*

Interests in subsidiaries are set out in note 23.

##### *Key management personnel*

Disclosures relating to key management personnel are set out in note 7 and the remuneration report in the directors' report.

##### *Transaction with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Payment for goods and services:		
Payment for services from Butmall Pty Ltd (director-related entity)	-	52,000
Payment to Butmall Pty Ltd for termination payments of former Managing Director, Mr Renshaw		290,871
Payment for services from DFK Richard Hill Pty Ltd (director-related entity)	-	212,110
Payment to DFK Richard Hill Pty Ltd trust account for payment of income tax attributed to Mr Renshaw		60,000
Payment for services from Morbride Pty Ltd (director-related entity)	-	79,800
Payment for services from Bradley's Polaris Pty Ltd <ATF The Bradley SF> (director-related entity)	-	40,000
Payment for services from Brian Rear, a director		30,000
Payment for services from TRM Consulting Pty Ltd (CEO-related entity)	-	61,166
Payment for services from Guang Tong Developments Ltd (director-related entity)	-	30,000
Payment for office space from WIM Resources Pty Ltd (CEO-related entity)	25,300	-

##### *Receivable from and payable to related parties*

There were no outstanding receivable and payable to related parties at the current and previous reporting date.

##### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

##### *Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.



## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 22: Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent Entity	
	2014	2013
	\$	\$
<i>Statement of profit or loss and other comprehensive income</i>		
Loss after income tax	(1,487,014)	(20,473,602)
Other comprehensive income	-	-
Total comprehensive losses	(1,487,014)	(20,473,602)
<i>Statement of financial position</i>		
Total current assets	1,888,236	1,773,640
Total non-current assets	26,507,295	25,647,427
Total assets	28,395,531	27,421,067
Total current liabilities	229,504	579,352
Total non-current liabilities	-	211,065
Total liabilities	229,504	790,417
Equity		
Issued capital	77,102,185	74,085,645
Share option reserve	2,995,191	2,995,191
Accumulated losses	(51,931,349)	(50,450,186)
Total equity	28,166,027	26,630,650

#### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had not entered 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 2014 and 30 June 2013.

#### *Capital commitments – Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2014 and 30 June 2013.

#### *Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Queensland Mining Corporation Ltd and its Subsidiaries

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### Note 23: Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

#### Subsidiaries

	Country of Incorporation	Percentage Owned	
		2014 %	2013 %
<b>Parent Entity:</b>			
Queensland Mining Corporation Ltd	Australia		
<b>Subsidiaries of Queensland Mining Corporation Ltd:</b>			
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	100	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	100	100
Iron Ridge – Black Fort Pty Ltd	Australia	100	100
Mt McCabe Pty Ltd	Australia	100	100
Maxiforde Pty Ltd	Australia	100	100

#### Note 24: Event after the reporting period

On 24 July 2014 the Company issued 2,889,068 ordinary shares to Redrock Exploration Services Pty Ltd as full settlement of \$34,091 exploration consultancy services provided.

Apart from the shares issued as discussed above no matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidate entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Queensland Mining Corporation Ltd and its Subsidiaries**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 25: Reconciliation of loss after income tax to net cash from operating activities**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
(Loss) after income tax benefit for the year	(1,487,014)	(20,314,357)
Adjustment for:		
Depreciation	105,086	459,063
Inventories written off during the year	-	75,000
Loss on disposal of asset	60,286	153,074
Unwinding of effective interest	-	119,345
Impairment of assets	211,892	14,661,420
Bad debt written off	-	306,735
Share based payment to supplier	68,182	-
Changes in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	415,754	(75,466)
Decrease in trade and other payables	(418,029)	(423,409)
Net cash outflow from operating activities	<u>(1,043,843)</u>	<u>(5,038,595)</u>

**Note 26: Earning per share**

*Earnings per share for loss from continuing operations*

Loss after income tax	<u>1,487,014</u>	<u>20,314,357</u>
Loss after income tax attributable to the owners of Queensland Mining Corporation Ltd	<u>1,487,014</u>	<u>20,314,357</u>

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	<u>1,014,486,981</u>	<u>593,663,282</u>
Basic and diluted (loss) per share (cents)	<u>(0.15)</u>	<u>(3.42)</u>

## **Queensland Mining Corporation Ltd and its Subsidiaries**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

#### **Note 27: Litigation**

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 on the 29 August 2013 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 as to costs) in the main case and also dismissed the Counter Claim by Mr. Renshaw and Butmall Pty Ltd.

On 3 June 2014 Mr Renshaw and Butmall Pty Ltd filed an appeal against the judgment. The appeal is expected to list for hearing in November 2014.

## Queensland Mining Corporation Ltd and its Subsidiaries

### DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in purple ink, appearing to read 'Eddy Wu', is written over a horizontal line.

Eddy Wu  
Director

23 September 2014  
Sydney

## INDEPENDENT AUDITOR'S REPORT

To the members of Queensland Mining Corporation Limited

### Report on the Financial Report

We have audited the accompanying financial report of Queensland Mining Corporation Limited and its subsidiaries, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Queensland Mining Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Opinion

In our opinion:

- (a) the financial report of Queensland Mining Corporation Limited 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 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report. The group recorded a net loss after tax from operations of \$1,487,014 for the year ended 30 June 2014 (2013: \$20,314,357) and had cash outflows from operations of \$1,043,843 (2013: \$5,038,595). The group will need to raise further funds to meet its planned exploration activities up to September 2015. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

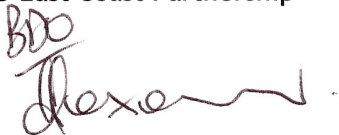
## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 21 of the directors' report for the year ended 30 June 2014. 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.

## Opinion

In our opinion, the Remuneration Report of Queensland Mining Corporation Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership



Grant Saxon  
Partner

Sydney, 23 September 2014



## Queensland Mining Corporation Ltd and its Subsidiaries

### Mining Titles & Interest Report

Tenement Number	Tenement Name	QMC Interest	Company	Status
<b>EPM 13336</b>	Cloncurry South	100%	North Queensland Mines Pty Limited	Granted
<b>EPM 14148</b>	White Range #1	100%	Sierra Line Pty Ltd	Granted
<b>EPM 14163</b>	White Range #2	100%	Mt Norma Mining Company Pty Limited	Granted
<b>EPM 14475</b>	White Range #4	100%	Spinifex Mines Pty Ltd	Granted
<b>EPM 15031</b>	White Range #6	100%	Matrix Metals Limited	Granted
<b>EPM 15196</b>	Mt Tracey	100%	QMC Exploration Pty Limited	Granted
<b>EPM 15520</b>	Top Bore	100%	QMC Exploration Pty Ltd	Granted
<b>EPM 15706</b>	Tommy Creek	100%	Queensland Mining Corporation Limited	Granted#
<b>EPM 15718</b>	Duck Creek South	100%	North Queensland Mines Pty Limited	Granted
<b>EPM 15740</b>	Kuridala South	Exclusive Exploration Right	Exco Resources	Granted
<b>EPM 15858</b>	Sunny Mount	100%	QMC Exploration Pty Limited	Granted#
<b>EPM 15879</b>	Mt Norma	100%	Mt Norma Mining Company Pty Limited	Granted
<b>EPM 15897</b>	White Range Consolidated	100%	Sierra Line Pty Ltd	Granted#
<b>EPM 16078</b>	Jessievale	100%	Queensland Mining Corporation Limited	Granted#
<b>EPM 16628</b>	Mt Brownie	100%	Queensland Mining Corporation Limited	Granted
<b>EPM 16976</b>	Mt Sheaffer	100%	North Queensland Mines Pty Ltd	Granted
<b>EPM 17246</b>	Pigeon South	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 17247</b>	Coolullah	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 17248</b>	Pigeon North	100%	Flamingo Copper Mines Pty Ltd	Granted#
<b>EPM 17249</b>	Coolullah South	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 17250</b>	Coolullah South Extended	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 17251</b>	Koolamarra	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 17322</b>	Pigeon 1	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 17323</b>	Pigeon 3	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 17324</b>	Pigeon 2	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 17326</b>	Middle Creek	100%	Mt Norma Mining Company Pty Limited	Granted
<b>EPM 17602</b>	Top Camp	Earning 85%	Orion Gold	Granted
<b>EPM 17922</b>	Mt Norma West	100%	Mt Norma Mining Company Pty Limited	Granted
<b>EPM 18106</b>	Flamingo West	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 18286</b>	Elder Creek	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 18440</b>	Slaty Creek	100%	Queensland Mining Corporation Limited	Granted
<b>EPM 18476</b>	Gum Creek	100%	North Queensland Mines Pty Limited	Granted
<b>EPM 18626</b>	Corner Creek North	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 18627</b>	Corner Creek South	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>EPM 18663</b>	Gold Reef Dam	100%	Queensland Mining Corporation Limited	Granted



## Queensland Mining Corporation Ltd and its Subsidiaries

### Mining Titles & Interest Report (continued)

Tenement Number	Tenement Name	QMC Interest	Company	Status
<b>EPM 19149</b>	Elder Creek East	100%	Spinifex Mines Pty Ltd	Granted
<b>EPM 19150</b>	Turpentine Creek	100%	Spinifex Mines Pty Ltd	Granted
<b>EPM 19165</b>	Weatherly Creek South	100%	QMC Exploration Pty Limited	Granted
<b>EPM 19166</b>	Surprise Creek	100%	Mt Norma Mining Company Pty Limited	Granted
<b>EPM 19167</b>	Weatherly Creek North	100%	QMC Exploration Pty Limited	Granted
<b>EPM 19183</b>	Anitra Osborne	100%	QMC Exploration Pty Limited	Granted
<b>EPM 19184</b>	Pegmont South	100%	QMC Exploration Pty Limited	Granted
<b>MDL 204</b>	Copper Canyon	100%	White Range Mines Pty Ltd	Granted#
<b>MDL 205</b>	Greenmount	100%	White Range Mines Pty Ltd	Granted#
<b>ML 2506</b>	Mount Norma	100%	Mt Norma Mining Company Pty Ltd	Granted#
<b>ML 2510</b>	Southern Cross	100%	North Queensland Mines Pty Ltd	Granted
<b>ML 2517</b>	Answer	100%	North Queensland Mines Pty Ltd	Granted
<b>ML 2518</b>	Winston Churchill	100%	Queensland Mining Corporation Ltd	Granted
<b>ML 2519</b>	Vulcan	100%	White Range Mines Pty Ltd	Granted
<b>ML 2535</b>	Sally	100%	North Queensland Mines Pty Ltd	Granted#
<b>ML 2537</b>	Dulce	100%	North Queensland Mines Pty Ltd	Granted#
<b>ML 2540</b>	Belfast	100%	North Queensland Mines Pty Ltd	Granted#
<b>ML 2541</b>	Belgium	100%	North Queensland Mines Pty Ltd	Granted#
<b>ML 2543</b>	Jackley	100%	North Queensland Mines Pty Ltd	Granted
<b>ML 2544</b>	Dulce Extended # 2	100%	North Queensland Mines Pty Ltd	Granted#
<b>ML 2548</b>	Dandy	100%	North Queensland Mines Pty Ltd	Granted#
<b>ML 2549</b>	Trump	100%	North Queensland Mines Pty Ltd	Granted#
<b>ML 2550</b>	Mount Norma #2	100%	Mt Norma Mining Company Pty Ltd	Granted#
<b>ML 2551</b>	Mount Norma #3	100%	Mt Norma Mining Company Pty Ltd	Granted#
<b>ML 2709</b>	Gilded Rose	100%	Spinifex Mines Pty Ltd	Granted#
<b>ML 2711</b>	Button	100%	Spinifex Mines Pty Ltd	Granted
<b>ML 2713</b>	Gilded Rose Extended East	100%	Spinifex Mines Pty Ltd	Granted
<b>ML 2718</b>	Gilded Rose Extended West	100%	Spinifex Mines Pty Ltd	Granted
<b>ML 2719</b>	Gilt Edge Extended East 1	100%	Spinifex Mines Pty Ltd	Granted
<b>ML 2741</b>	Mt Freda	100%	Spinifex Mines Pty Ltd	Granted#
<b>ML 2742</b>	Evening Star	100%	Spinifex Mines Pty Ltd	Granted#
<b>ML 2750</b>	Evening Star North Extended	100%	Spinifex Mines Pty Ltd	Granted#
<b>ML 2752</b>	Mt Freda Extended	100%	Spinifex Mines Pty Ltd	Granted#
<b>ML 2763</b>	Evening Star North	100%	Spinifex Mines Pty Ltd	Granted#
<b>ML 2777</b>	New Dollar	100%	North Queensland Mines Pty Ltd	Granted
<b>ML 2778</b>	Horseshoe	100%	North Queensland Mines Pty Ltd	Granted
<b>ML 2779</b>	Mountain Maid	100%	North Queensland Mines Pty Ltd	Granted
<b>ML 2788</b>	Two Mile	100%	North Queensland Mines Pty Ltd	Granted#
<b>ML 7498</b>	Little Beauty	100%	Queensland Mining Corporation Ltd	Granted#

## Queensland Mining Corporation Ltd and its Subsidiaries

### Mining Titles & Interest Report (continued)

Tenement Number	Tenement Name	QMC Interest	Company	Status
<b>ML 7511</b>	Young Australian #2	100%	North Queensland Mines Pty Limited	Granted#
<b>ML 7512</b>	Young Australian	100%	North Queensland Mines Pty Limited	Granted#
<b>ML 90081</b>	Hampden Copper (Kuridala)	100%	White Range Mines Pty Ltd	Granted#
<b>ML 90082</b>	Mt McCabe	100%	White Range Mines Pty Ltd	Granted
<b>ML 90083</b>	Stuart	100%	Maxiforde Pty Ltd	Granted
<b>ML 90084</b>	Young Australian Extended	100%	North Queensland Mines Pty Limited	Granted
<b>ML 90088</b>	Chinaman	100%	North Queensland Mines Pty Limited	Granted
<b>ML 90099</b>	Australian	100%	North Queensland Mines Pty Limited	Granted
<b>ML 90103</b>	New Snow Ball	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>ML 90104</b>	Mossy's Dream	100%	Flamingo Copper Mines Pty Ltd	Granted
<b>ML 90134</b>	Greenmount	100%	White Range Mines Pty Ltd	Granted
<b>ML 90147</b>	Eva	100%	North Queensland Mines Pty Limited	Granted
<b>ML 90148</b>	Mount Timberoo	100%	North Queensland Mines Pty Limited	Granted
<b>ML 90149</b>	Mt McNamara	100%	North Queensland Mines Pty Limited	Granted#
<b>ML 90161</b>	Phil's Find	100%	White Range Mines Pty Ltd	Granted
<b>ML 90172</b>	Mt Norma Surround 1	100% being transferred	Cudeco Limited	Application
<b>ML 90173</b>	Mt Norma Surround 2	100% being transferred	Cudeco Limited	Application
<b>ML 90174</b>	Mt Norma Surround 3	100% being transferred	Cudeco Limited	Application
<b>ML 90175</b>	Mt Norma Surround 4	100% being transferred	Cudeco Limited	Application
<b>ML 90176</b>	Mt Norma Surround 5	100% being transferred	Cudeco Limited	Application
<b>MC 4348</b>	Mt Debbie a	100% being transferred	Cudeco Limited	Granted#
<b>MC 4349</b>	Mt Debbie b	100%	Queensland Mining Corporation Limited	Granted#
<b>MC 4350</b>	Mt Debbie c	100%	Queensland Mining Corporation Limited	Granted#

## Queensland Mining Corporation Ltd and its Subsidiaries

### ASX ADDITIONAL INFORMATION AS AT 16 SEPTEMBER 2014

#### Substantial shareholders

Shareholder	No of shares held	% to issued shares
Perfect Nation Global Limited	281,443,760	24.92
Great Tang Brothers Resources Investment P/L	175,168,000	15.51
Bradley Polaris Pty Ltd <Bradley S/F A/C>	77,187,425	6.84
Mr Guo Tang	74,374,194	6.59
Tulla Resources Group Pty Ltd	56,883,933	5.04

#### Voting rights

The voting rights attached to ordinary shares are set out below:

##### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

#### Distribution of equitable securities

Holding ranges	No. of holders
1-1,000	63
1,001-5,000	190
5,001-10,000	276
10,001-100,000	1,274
100,001-100,000,000	578
	<hr/> 2,381
Holding less than a marketable parcel	<hr/> 1,302

#### Equity security holders

##### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Perfect National Global Limited	266,807,254	23.627
Great Tang Brother Resources Investment Pty Ltd	175,168,000	15.512
Bradleys Polaris Pty Ltd <Bradley S/F A/C>	77,595,425	6.871
THTF Australia Mining Pty Ltd	44,571,474	3.947
Mr Guo Tang	29,802,720	2.639
Tulla Resources Group Pty Ltd	28,200,000	2.497
Tulla Resources Group Pty Limited	22,103,933	1.957
Berkon Pty Ltd <Hockey Family Super Fund A/C>	19,442,946	1.722
Chemmet Pty Ltd	16,820,804	1.490
Chemmet Pty Ltd <Super Fund A/C>	15,037,575	1.332
Perfect Nation Global Limited	14,636,506	1.296
UBS Wealth Management Australia Nominees Pty Ltd	14,000,000	1.240
Mr Fei Wu	11,276,546	0.999
Ms Meiting Lu	10,421,594	0.923
Redrock Exploration Services Pty Ltd	9,525,446	0.844
Ms Faby Chong	7,000,000	0.620
Brevmar Pty Ltd <Glen Invst S/F A/C>	6,954,000	0.616
Morbride Pty Ltd <Mirbride Super Fund A/C>	5,801,600	0.514
Exelmont Pty Ltd	5,442,080	0.482
Live and Learn Pty Ltd	4,345,000	0.385

## Queensland Mining Corporation Ltd and its Subsidiaries

### ASX ADDITIONAL INFORMATION AS AT 16 SEPTEMBER 2014 (continues)

#### *Unquoted equity securities*

	<b>Number on issue</b>	<b>Number of holders</b>
Options over ordinary shares issued	17,450,000	4

## **Queensland Mining Corporation Ltd and its Subsidiaries**

### **CORPORATE DIRECTORY**

#### **DIRECTORS**

Dr Lakshman Jayaweera (Chairman, Non-executive Director)  
Mr Eddy Wu (CEO, Executive Director)  
Mr Jun Qiu (Non-Executive Director)  
Ms Joyce Wang (Alt. Director to Mr Jun Qiu)

#### **COMPANY SECRETARY**

Mr Pipvide Tang

#### **REGISTERED AND HEAD OFFICE**

Suite 101A, Level 1,  
1 Alfred Street,  
Sydney, NSW 2000,  
Ph: +61 (2)8964 6411  
Fax: +61(2)8964 6865  
Website: [www.qmcl.com.au](http://www.qmcl.com.au)

#### **REGIONAL OFFICE**

100 Railway Street,  
Cloncurry QLD 4824.

#### **SHARE REGISTRY**

Boardroom Pty Limited.  
Level 7  
207 Kent Street  
Sydney NSW 2000

#### **AUDITORS**

BDO East Coast Partnership  
Level 11, 1 Margaret Street  
Sydney NSW 2000

#### **STOCK EXCHANGE LISTING**

Queensland Mining Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: QMN).