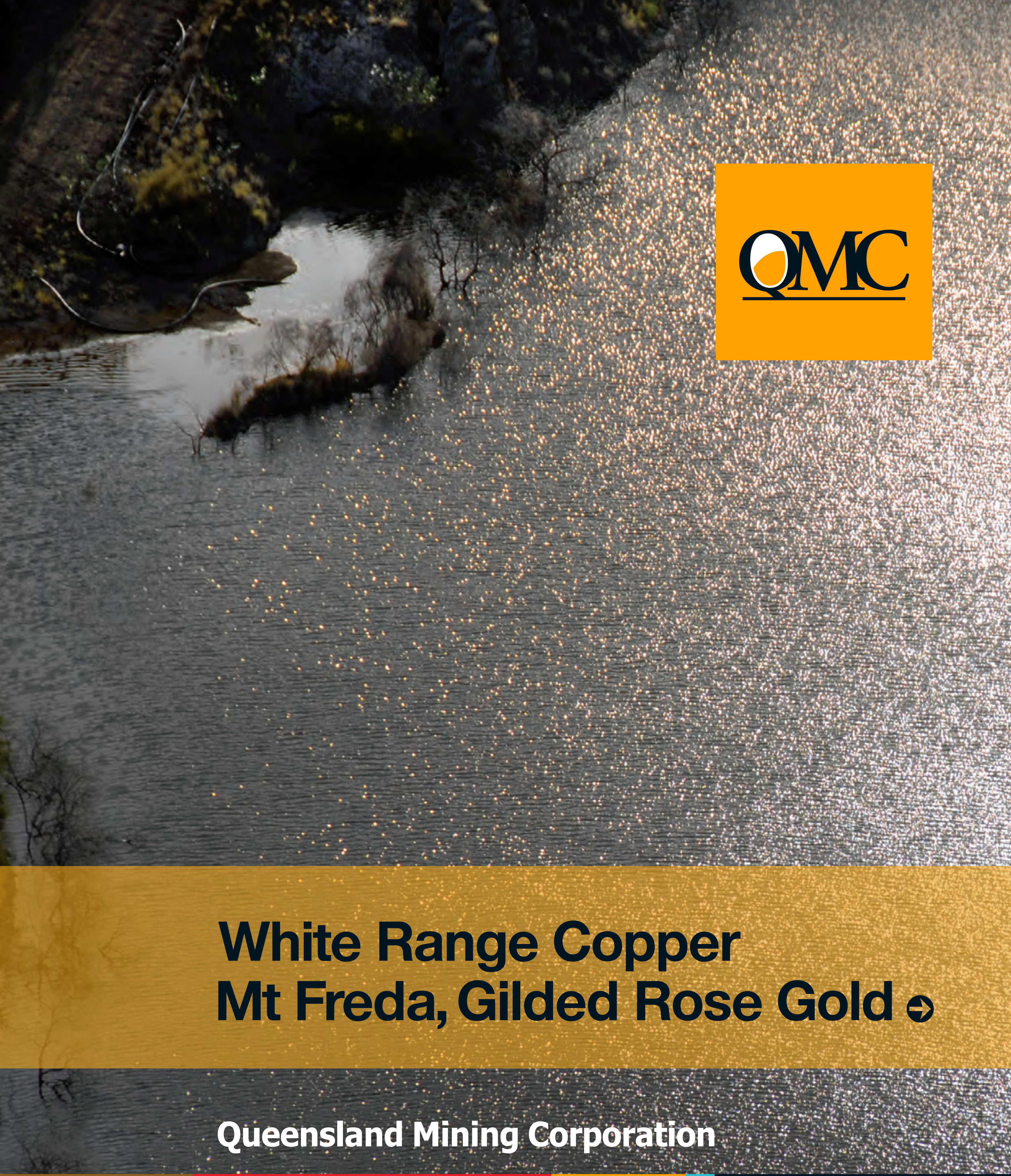


QMC

White Range Copper
Mt Freda, Gilded Rose Gold

Queensland Mining Corporation

2010
Annual Report

Queensland Mining Corporation
LIMITED
ABN 61 109 962 469

focus on White Range acquisition for production

The White Range project holds substantial value due to JORC copper resources.

Contents

White Range Project, Vulcan Mine.

FRONT COVER › The Mt Freda open cut gold mine - which QMC is valuating to re-open this mine.

The Annual General Meeting of the shareholders of Queensland Mining Corporation Limited will be held at 11:00 a.m. Tuesday 30 November 2010 at the head office of QMC, level 24, 56 Pitt Street, Sydney, New South Wales.

Chairman's Report

Dear Shareholder,

Queensland Mining Corporation Ltd is very pleased to provide this annual report to its Shareholders for the year ended 30 June 2010.

It has been two years since our listing in October 2008 and a lot of good progress has been made by the Company. We have continued to build a significant land-package of Exploration Licenses and Mining Leases centred on the highly prospective and prolific copper-gold region of the Cloncurry district in northern Queensland. Some have nick-named this area "Queensland's Copper Belt" - as it hosts many significant copper and other base metals mines and is so prospective for further discoveries. We are confident that given this extensive land resource we will, with well-designed and focused exploration efforts, be successful in this undertaking. Our programs seek to capitalise on the vast body of prior knowledge that has been built up by previous explorers on QMC's known copper, gold, and cobalt deposits. So we are convinced that we will return good value and shareholder-returns from our exploration expenditure.

As part of this effort the Company engaged RC and diamond drill rigs at the Mt Freda Gold Mine, Flamingo and Morris Creek tenements, with promising results which will allow us to establish JORC resource for these deposits and will supplement already published JORC resources on our other projects.

In September 2009, we completed a A$5 million placement, the proceeds of which have been well deployed in our exploration effort throughout the last twelve months. Towards the end of December 2009, we signed an agreement to purchase the White Range Copper Project from the administrators of Matrix Metals Ltd for a consideration of A$5 million. To help fund this purchase and our on-going exploration effort QMC raised a further A$8 million, in March 2010, through a placement of shares to clients of Patersons Securities and Novus Capital.

The White Range acquisition was completed in July 2010. The purchase was exceptional value as the Company bought existing JORC compliant resources for approximately 1 cent per pound of contained copper metal.

QMC's strategy is to focus on drilling high impact targets and success will result in a transforming of the Company's share price. We are also focused on upgrading our gold, copper and cobalt resources.

Although the Australian economy was in recovery mode and therefore better off than US and European counterparts, QMC's efforts to engage international investors for joint ventures were hampered by the Australian government's resources tax announcements, which left most investors and potential joint venture partners with more questions than answers.

We have a small group of key personnel at QMC and we continue to direct our limited funds in an effective and efficient manner. I wish to thank our senior management team led by Dr Guojian Xu, for their continuous excellent and hard work and Max Tuesley, senior consultant, for his knowledge and skills in assisting QMC as it progresses towards the production phase.

Finally, our Managing Director - Mr Howard Renshaw, continues to lead QMC with his enormous dedication, hard work and skills and I thank my fellow director Mr Richard Hill for his work in financial management and assisting Howard in his additional duties as our Company Secretary.

I am personally looking forward to the coming year - as QMC progresses into a copper/gold development company as well as continuing to be a successful exploration company.

David Usasz

David Usasz
Chairman

Managing Director's Report

The past year was a very important time for QMC. The company successfully completed the acquisition of the White Range Project which lays down the foundation to enable the company to make a quantum leap to become a significant copper producer in the Cloncurry Region. In spite of the instability of the global economy two capital raisings were completed enabling the company to progress its exploration programme which included 17,000 metres of drilling.

QMC entered into the Asset Sale Agreement with the Administrators of Matrix Metals Ltd for their Cloncurry South Project. The White Range Project contained JORC resources and a Bankable Feasibility Study (BFS) that had been completed in January 2005 and was based upon the prevailing copper price of approximately US$3,160 per tonne compared to the current price of around USD$8,360.

Since its settlement on 16th July 2010, the White Range Project has become QMC's prime focus and priority. The Company has moved quickly to validate and upgrade the JORC resource by engaging Golder Associates. QMC is also proceeding to update the BFS for the development and production of copper metal and concentrates.

QMC's substantial gold and copper mining leases are located within the White Range Project area and so support an important part of QMC's long-term strategic plan, which will not only create synergies but deliver further resources and economic value.

As a result of the White Range acquisition, QMC for the first time, has JORC resource, refer table on page 4.

QMC is currently in discussions with parties in relation to the development of the White Range Project possibly by way of JV, alliance, or strategic investors so as to enable the company's production aims to be fulfilled.

The funds raised in September/October 2009 were applied to the repayment of its convertible notes and to commence its prepared drilling program consisting of 8,000 metres of RC and diamond drilling at Morris Creek, Flamingo and Mt Freda Gold projects. QMC's second phase drilling program, of approximately 9,000metres during April-June 2010 at Flamingo, Mt Freda, Gilded Rose, continued to return extremely good intersections and grades. These results will enable the company to carry out an immediate feasibility study for production.

QMC's next high priority is the development and production of gold from Gilded Rose and Mt Freda Gold Mines following drilling over the past year.

Independent consultants Hellman & Schofield have been retained to carry out resource definition and mine modelling at these sites, which will in turn allow Australian Mine and Design (AMAD) to engineer a pit design and thereby mine production costings. Metallurgical testing for recovery and processing has also commenced. Provided sufficient economic resources are defined, the company then can make a decision to redevelop a gold mine on these resources in the near future.

The Directors are conscious of the fact that commodity prices are at cyclically very strong levels. With this in mind, QMC will focus this coming year on progressing its copper and gold projects towards production so that QMC can rapidly obtain a positive cash flow from its resource asset base.

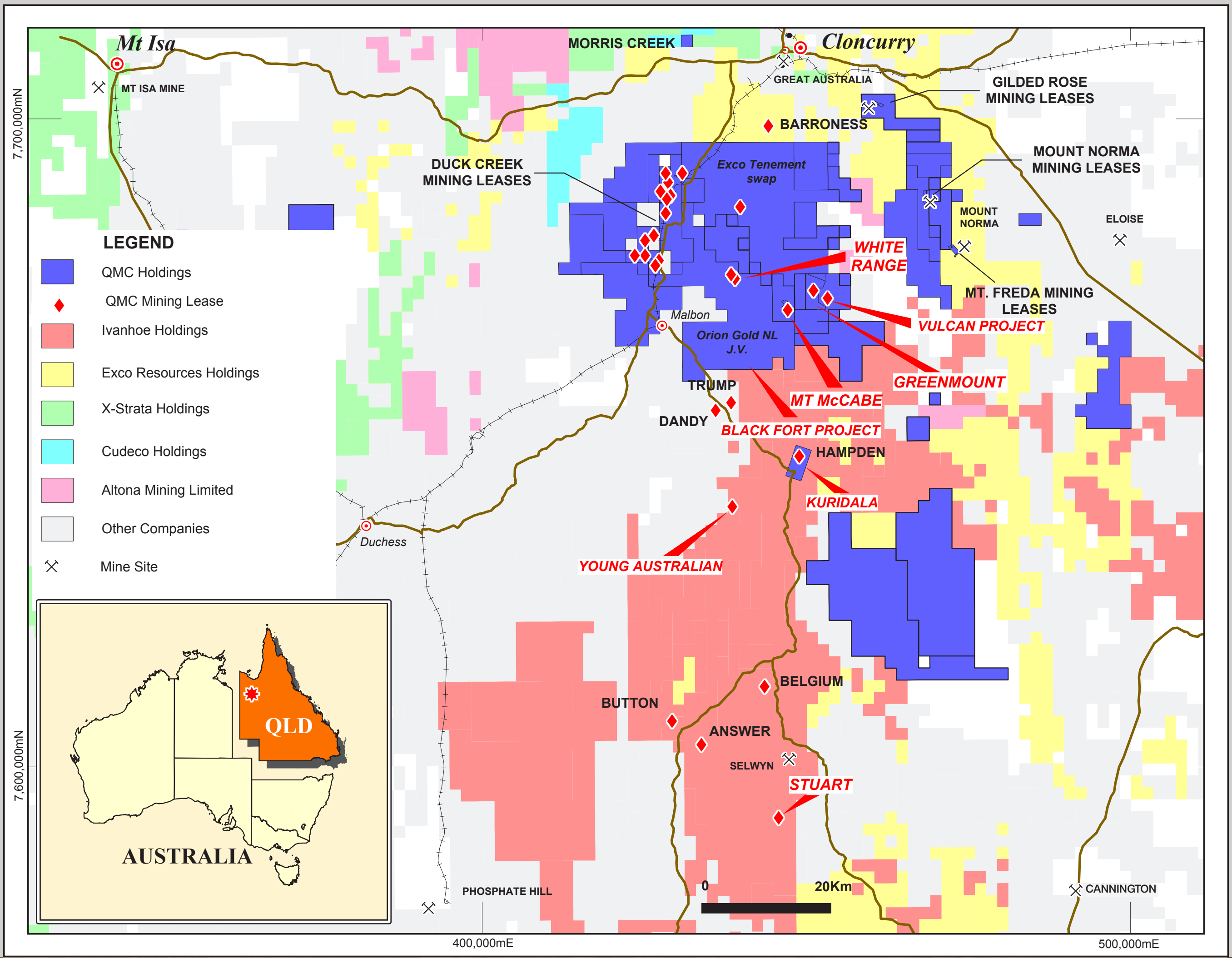
QMC will continue to drill progressively its highly prospective IOCG projects, eight of which are drill ready, and two are in progress - Jessievale and Black Fort.

On behalf of the directors, I wish to thank all of QMC's employees for their hard work throughout the year which has contributed to the expansion and development of the company.

We thank our shareholders for their continued support and patience as the company now has a substantial underlying asset base, with progress towards development, should deliver significant value to shareholders.

Howard V. Renshaw
Managing Director

South of Cloncurry - White Range Project.



The White Range acquisition was completed in July 2010 which holds substantial value due to JORC copper resources.

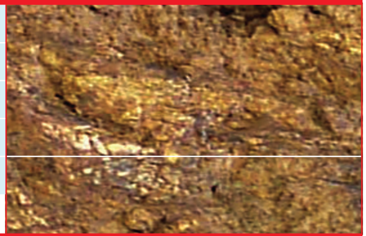
White Range

The Vulcan Mine area showing copper mineralisation and copper grass.

Declared JORC Resource Position

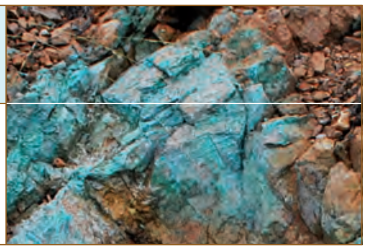
(as announced to the ASX on 20 Sept. 2010 and 29 Sept. 2010)

		0.2% Cu cut-off
Greenmount	*White Range 2005 BFS*	12.3 Mt @ 0.78% Cu, 0.06% Co, 0.3 g/t Au
Kuridala	*White Range 2005 BFS*	7.2 Mt @ 0.84% Cu, 0.02% Co, 0.21g/t Au
Vulcan	*White Range 2005 BFS*	1.0 Mt @ 0.59% Cu
McCabe	*White Range 2005 BFS*	7.7 Mt @ 0.57% Cu, 0.02% Co
Stuart		5.6 Mt @ 0.55% Cu, 0.002% Co, 0.16g/t Au
Flamingo*		0.117 Mt @ 6.00% Cu, 1.8g/t Au
Total		**33.9Mt @ 0.99% Cu equivalent**



* 1.0% Cu cut-off; new resource estimate following recent drilling is pending

Aggregate Contained Metals	
	• 244,000 tonnes of Copper • 23 million pounds of Cobalt • 202,000 ounces of Gold
	335,000 tonnes Copper equivalent (2.2lbs Cu/issued share) (based on spot metal prices as at 24 September 2010: Copper USD 3.50/lb; Cobalt USD 19.05/lb; Gold USD1,293/oz); AUD 1.00 = USD 0.95



The Young Australian supports the White Range project. Drilling completed - significant intersections of mineralisation encountered - important JORC resource anticipated.

Copper Projects

Mt Freda and Gilded Rose are now supported by the White Range acquisition - Llomes, Chopper Ridge, Surprise and Eagle prospects.

Gold Projects

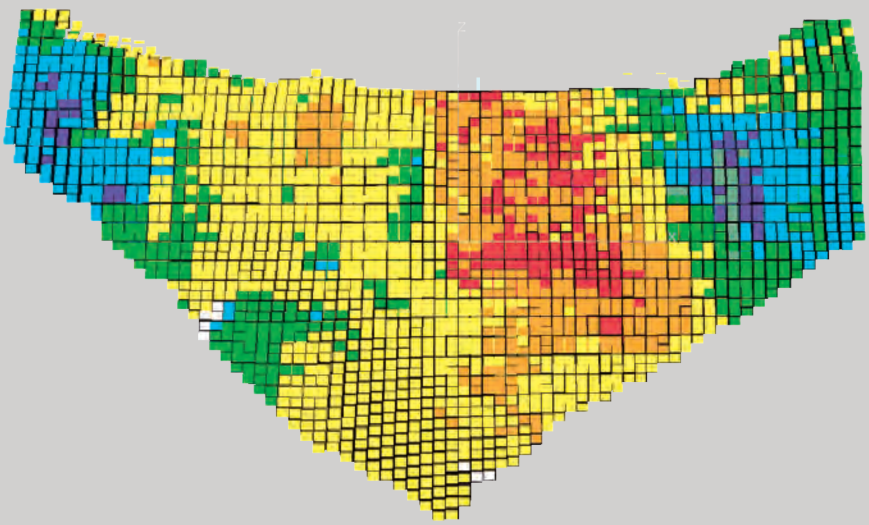
Young Australian open cut copper mine, 8km south of the Hampden copper mine, Kuridala.

Landmark - Soldier's Cap - Mt Freda, Evening Star and Canteen, Gold and Copper Mines.

The Gilded Rose mine and Gold processing plant. RC drill rig intersected 19m at 5.55g/t.

AU

FROM	TO	
0.0	0.1	
0.1	0.2	
0.2	0.5	
0.5	1.0	
1.0	3.0	
3.0	5.0	
5.0	10.0	
10.0	999.0	



Preliminary long projection of Mt Freda Mine for resource modelling, mine design and engineering design.

The latest drilling results are being factored in strike length has increased by 100m.

WHITE RANGE PROSPECTS
IOCG EXPLORATION

BLACK FORT
SOUTH BFS
JUST THERE
CREEK MARTIN
MURPHY'S
LYSANDER
BLACK FORT SOUTH
MIDDLE RIDGE
CHOPPER RIDGE GOLD-COPPER (Gold)
SURPRISE GOLD (Gold)
TOBY BARTY
MY CYRIL
SIERRA
OVERHANG MINE
EAGLE
MANOMM
HELAFELS
MOTHERS VALLEY
DESOLATION
COPPER CANYON WEST

Mt Norma › QMC is reviewing the recommencement of production of concentrates - Copper sulfate, Copper cement.

IOCG Exploration

Mt Norma Copper Processing Plant which adjoins the Mt Norma Copper/ Silver Mine.

BHP-Cannington road in load - rail out load tranfer facility for concentrate - to Port of Townsville. Similar third party facility located in Cloncurry.

Drilling operations at Flamingo as reported. Mine resource, engineering and metallurgical recovering and processing are all in progress.

IOCG targets of Black Fort and Jessievale. Currently drilling new target area at Black Fort where costeaning results up to 52m @ 0.82% Cu.

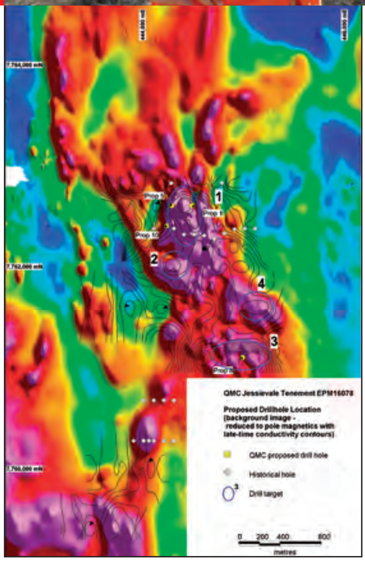
Black Fort + Jessievale

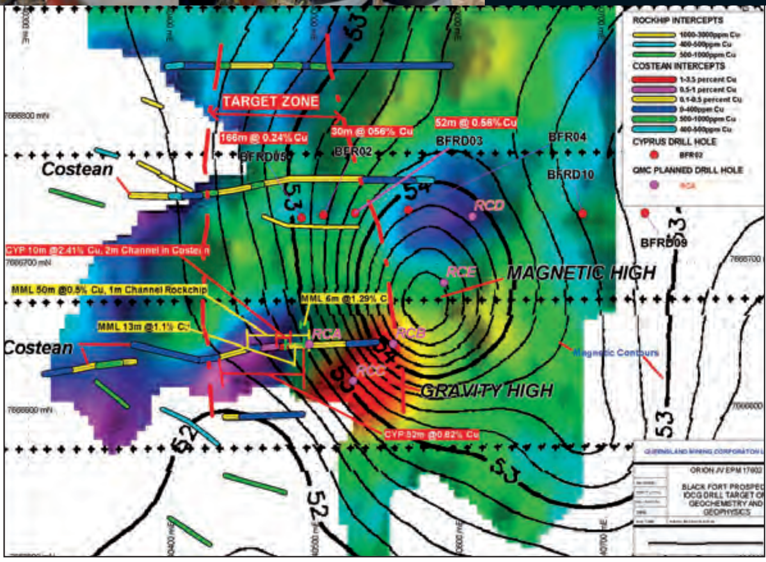
Black Fort - originally diamond drilled by Cyprus Gold with intercepts of 52m @ 0.56% Cu and 538ppm Co.

Dr. Guojian Xu (General Manager Exploration) with the Gap Geophysics team, which assisted in identifying the Jessievale deep potential sulfate targets.

L ***JESSIEVALE***
4 identified target areas - currently drilling target area 1 to be followed up by target area 3.

R ***BLACK FORT***
Target mineralisation and proposed drill hole location.





Directors' Report

Your Directors present this report on the Company and its subsidiaries for the financial year ended 30 June 2010.

Directors

The names of Directors in office at any time during or since the end of the year are:

Mr David Usasz
Mr Howard Renshaw
Mr Richard Hill (appointed 1 October 2009)
Mr Kevin Maloney (resigned 14 August 2009)

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Richard Hill – Bachelor of Commerce, Chartered Accountant. Richard Hill is a senior partner of DFK – Richard Hill, Chartered Accountants and Business Advisory Services. He has extensive expertise in the resources sector and currently provides audit/advisory services to seven listed Australian companies.

Principal Activities

The principal activities of the Group during the financial year were the exploration for and evaluation of mineral resources.

Operating Results

The Group loss after providing for income tax amounted to $4,228,968. (2009: $4,874,502).

Dividends Paid and Recommended

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

Review of Operations

Exploration Activities

During the year, the company continued exploration activities at Flamingo, Morris Creek, Mt Freda and Gilded Rose. Approximately 17,000 metres of diamond and RC drilling were completed during November, December 2009 and April to June 2010.

The geological team led by Dr Guojian Xu, general manager-exploration evaluated the White Range Project held by Matrix Metals (in administration) and an asset sale agreement was entered into and was subsequently settled on 16 July 2010.

Geochemical and geophysical work was carried out at Morris Creek in preparation for further drilling. At Jessievale, geophysical work was completed to assist in identifying drill hole location and determining depth of the potential deep sulphide ore bodies.

To support the White Range resource, drill holes were prepared at the Young Australian to drill out this mining lease to establish a JORC resource and mine design.

Drilling has been completed on some of the above mining leases and copper resource modelling along with new JORC resources for copper, gold and cobalt are being carried out by Golder Associates.

Further, as soon as results from the drilling at Mt Freda and Gilded Rose are analysed, JORC resource compliant and mine modelling design will be undertaken which will be followed by economic evaluation for the decision to mine and produce gold.

The company expects that with the results from current drilling and 2010-2011 exploration program, this copper, gold and cobalt JORC resource should substantially increase during the forthcoming year.

Financial Position

The Company incurred a loss of $4,228,968.

The Company raised $16,018,565 by the issue of 120,327,167 ordinary shares to assist in the acquisition of the White Range Project, continuing exploration activities and repayment of convertible notes.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the financial year.

After Balance Date Events

In July 2010, the Company completed the settlement of the acquisition of the White Range Project for a total of $5m comprising cash of $2.5m and the issue of 25 million ordinary shares in satisfaction of the balance purchase price.

Environmental Issues

The Group is subject to significant environmental regulations under Commonwealth and/or State and/or Territory laws. The Group has not been advised of any environmental breaches during the year.

Information on Directors

***Mr David Usasz** B Com, FCA*
Independent, Non Executive Chairman
(appointed a director on 15 June 2007)

David Usasz was a corporate finance partner with PricewaterhouseCoopers for more than 20 years. He gained extensive experience in Asia and Australia in International tax, mergers and acquisitions. David is also a director of Cromwell Group Limited. He is a non executive director and chairman of the audit committee for Cromwell Group Limited since 2007. It is currently listed on ASX (CMW). He was also a director of the Australian Rugby Union Limited till 2007.

Mr Howard Renshaw
Managing Director and Deputy Chairman
(appointed a director on 8 July 2004)

Howard Renshaw founded QMC and has been active in building the Company's business plan. Howard has extensive experience in Corporate and Capital Markets, funding of Mining, Oil and Gas mergers and acquisitions, and feasibility studies for major mining projects. He has been appointed by governments for major restructuring of infrastructure and operations at ports, rail lines, railways and related industries. Howard has also represented the agricultural industry at State and Federal level in Australia.

***Mr Richard Hill** B Com, FCA*
Independent Non Executive Director
(appointed a director on 01 October 2009)

Bachelor of Commerce, Chartered Accountant. Richard Hill is a senior partner of DFK – Richard Hill, Chartered Accountants and Business Advisory Services. He has extensive expertise in the resources sector and currently provides audit/advisory services to a number of listed Australian companies.

Mr Kevin Maloney
Independent Non Executive Director
(resigned 14 August 2009)

Kevin has considerable experience in debt and equity raisings, both listed and unlisted companies including many resource companies. He is currently a director of Paramount Fund Managers Ltd, The MAC Services Pty Ltd, Australian Resources Capital Pty Ltd and Northern Energy Corporation Ltd.

Remuneration Reports

This report details the nature and amount of remuneration for each key management person of Queensland Mining Corporation Ltd, and the executives receiving the highest remuneration.

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 company 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 company'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 company and the five highest paid executives, 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 company 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%. 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 company and expensed.

Key management personnel remuneration

2010	Short-term benefits				Long-term benefit		
Director	**Director's fee and salary**	**Super-annuation**	**Bonus**	**Total**	**Other**	**Share-based payment**	**Total**
Mr David E Usasz	25,500	24,000	–	49,500	–	43,516	43,516
Mr Howard V Renshaw	280,000	50,000	–	330,000	–	51,428	51,428
Mr Richard Hill	36,000	–	–	36,000	–	15,824	15,824
Mr Kevin Maloney	43,208	4,550	–	47,758	–	–	–
Total	**384,708**	**78,550**	**–**	**463,258**	**–**	**110,768**	**110,768**

2009	Short-term benefits			Long-term benefit		
						Share-based
Director	**Director's fee and salary**	**Super-annuation**	**Total**	**Other**	**payment**	**Total**
Mr David E Usasz	22,900	42,500	65,400	–	–	–
Mr Howard V Renshaw	270,000	30,000	300,000	–	–	–
Mr Kevin Maloney	30,000	2,700	32,700	–	–	–
Total	**322,900**	**75,200**	**398,100**	**–**	**–**	**–**

Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

	Director's Meetings	
Director	**Held**	**Attended**
Mr David E Usasz	14	14
Mr Howard V Renshaw	14	14
Mr Richard Hill	14	12
Mr Kevin Maloney	2	2

	Audit Committee Meetings	
Member	**Held**	**Attended**
Mr David E Usasz	2	2
Mr Richard Hill	2	2

	Remuneration Committee Meetings	
Director	**Held**	**Attended**
Mr David E Usasz	2	2
Mr Richard Hill	1	1
Mr Kevin Maloney	1	1

Indemnification

The Company is required to indemnify the Directors and other officers of the Company against any liabilities incurred by the Directors and officers that may arise from their position as Directors and officers of the Company. No costs were incurred during the year pursuant to this indemnity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporation 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. There were no such proceedings brought or responsibility on behalf of the Company for all or part of those proceedings. There were no such proceedings brought or interventions on behalf of the Company with leave from the Court under section 237 of the Corporation Act 2001.

The Company has entered into a deed of indemnity with each director whereby, to the extent permitted by the Corporations Act 2001, the company agreed to indemnify each director against all loss and liability incurred as an officer of the company, including all liability in defending any relevant proceedings.

Auditors

PKF will continue in office in accordance with the requirements of the Corporations Act 2001.

Non-audit services

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

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

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditors independence requirements of the Corporation Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditors.
- None of the services undermine the general principles relating to auditors independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditors:

	2010 $	2009 $
Audit Services		
PKF – Audit and review of financial reports	**67,000**	83,000

Yours faithfully,

David Usasz
Chairman

Howard Renshaw
Managing Director

Corporate Governance Statement

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2010.

Board Composition

The skill, experience and expertise relevant to the position of each Director who is in the office at the date of the financial report and their term of office are detailed in the Director's Report.

The name of Independent Director of the company is:

David Usasz

When determining whether a non-executive Director is independent the Director must not fail any of the following materiality thresholds:

- Less than 10% of company shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- None of the Director's income or the income of an individual or entity directly or indirectly associated with the Director is derived from a contract with any member of the Group other than income derived as a Director of that entity.

Independent Directors have the right to seek independent professional advice in the furtherance of their duty as Directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

The names of the members of the nomination committee and their attendance at the meetings of the committee are detailed in the Directors' Report.

Ethical Standard

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standard of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Share Trading Policy

The company's policy regarding Directors and employees trading in its securities is set by the finance committee. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Audit Committee

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

Performance Evaluation

An annual performance evaluation of the Board and all board members was conducted by the Board. The chairman speaks to each director individually regarding their role as director and their recommendations to improve performance. This presents the Board opportunities to develop an action plan to implement the recommendations and set performance criteria and goals for the next year.

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balance disclosures.

The Board of Directors ultimately takes responsibility for corporate governance and operates in accordance with the Company's Constitution. The Board develops strategies for the company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance process are to:

- drive the shareholder value;
- ensure a prudent and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities:

- develop initiatives and identify opportunities for profit and asset growth;
- review the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to the Shareholders;
- monitor senior management's performance and implementation of strategy;
- approve and monitor the progress of major capital expenditures, capital management and acquisitions and divestitures;

- appoint and remove the Managing Director;
- ratify the appointment and removal of the Company Secretary;
- identify business risks and implementing actions to manage those risks; and
- develop and effect management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate directors' participation in the Board discussions on a fully informed basis.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitutions and receipt of annual and interim financial statements, Shareholders are strongly encouraged to attend and participate in the General Meeting of Queensland Mining Corporation Ltd, to lodge questions to be responded by the Board and/or the managing director, and are able to appoint proxies.

Risk Management

The Board meets regularly to evaluate, control, review and oversee the implementation of the company's operations and objectives.

Regular controls established by the Board include:

- implementation of operating plans, cash flows and budgets by management and Board monitoring of progress against projections; and
- procedures to allow directors, and management in the furtherance of their duties, to seek independent professional advice via the utilisation of various external technical consultants.

The Board recognises the need to identify areas of significant business risk and to develop and implement strategies to investigate these risks.

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 advised 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 company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice.

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The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the 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.

Remuneration Committee

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

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

Auditor's Independence Declaration

PKF

Chartered Accountants
& Business Advisers

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF QUEENSLAND MINING CORPORATION LTD

As lead auditor for the audit of Queensland Mining Corporation Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b. 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 year.

PKF
CHARTERED ACCOUNTANTS

Bruce Gordon
Partner

Sydney
30 September 2010

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2010
Financial Report

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Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2010

	Note	GROUP 2010 $	GROUP 2009 $
Revenue		340,432	122,965
Other revenue		–	–
Interest received		89,127	92,349
Accountancy fees		(98,000)	(98,000)
Auditors' remuneration		(67,000)	(83,000)
Corporate development expenses		(98,584)	(245,274)
Depreciation expense		(462,747)	(468,808)
Exploration expenses		(291,352)	–
Employee expenses		(844,111)	(232,630)
Interest expense		(395,100)	(486,174)
Impairment		–	(1,914,885)
Management fees		(567,314)	(531,769)
Other expenses	2	(1,834,319)	(1,029,276)
Loss before income tax expense		(4,228,968)	(4,874,502)
Income tax expense	3	–	–
Loss for the year		(4,228,968)	(4,874,502)
Other comprehensive income/(loss)		–	–
Total comprehensive loss for the year attributable to members		(4,228,968)	(4,874,502)
Loss per share from loss attributable to ordinary equity holders of the parent			
Basic and Diluted EPS	19	(1.7 cents)	(2.8 cents)

The above statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2010

	Note	GROUP 2010 $	GROUP 2009 $
Assets			
Current Assets			
Cash and cash equivalents	6	4,449,865	394,304
Trade and other receivables	7	1,374,061	530,686
Inventories	8	75,000	75,000
Total Current Assets		5,898,926	999,990
Non Current Assets			
Property, plant and equipment	9	5,132,921	5,096,156
Mining licences	10	9,672,151	11,215,354
Exploration and evaluation expenditure	10	12,339,900	7,667,721
Total Non - Current Assets		27,144,972	23,979,231
Total Assets		33,043,898	24,979,221
Liabilities			
Current Liabilities			
Financial liabilities	13	1,000,000	5,000,000
Trade and other payables	11	668,333	631,817
Total Current Liabilities		1,668,333	5,631,817
Total Liabilities		1,668,333	5,631,817
Net Assets		31,375,565	19,347,404
Equity			
Issued capital	14	47,712,444	31,693,879
Share option reserve		2,651,631	2,413,067
Accumulated losses		(18,988,510)	(14,759,542)
Total Equity		31,375,565	19,347,404

The above statements should be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Ordinary Share Capital Ordinary	Share Option Reserve	Accumulated Losses	Total
As previously reported					
Balance at 1 July 2008	14	25,904,638	2,413,067	(9,725,573)	18,592,132
Prior year adjustment	1	-	-	(159,467)	(159,467)
Revised balance at 1 July 2008		25,904,638	2,413,067	(9,885,040)	18,432,665
Transactions with owners in their capacity as owners					
Shares issued during the year		5,580,907	–	–	5,580,907
Share issue costs		(200,000)	–	–	(200,000)
Options converted		408,334	–	–	408,334
Options issued		–	–	–	–
		31,693,879	2,413,067	(9,885,040)	24,221,906
Comprehensive loss for the year		–	–	(4,874,502)	(4,874,502)
Balance at 30 June 2009		31,693,879	2,413,067	(14,759,542)	19,347,404
Transactions with owners in their capacity as owners					
Shares issued during the year		15,134,700	–	–	15,134,700
Share issue costs		(1,279,260)	–	–	(1,279,260)
Options converted		2,163,125	–	–	2,163,125
Options issued	14	–	238,564	–	238,564
		47,712,444	2,413,067	(14,759,542)	35,604,533
Comprehensive loss for the year		–	–	(4,228,968)	(4,228,968)
Balance at 30 June 2010		47,712,444	2,651,631	(18,988,510)	31,375,565

The above statements should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2010

	Note	GROUP 2010 $	2009 $
Cash Flows from Operating Activities			
Receipts from customers			
Payments to suppliers and employees		(2,576,810)	(2,421,888)
Interest received		84,668	92,349
Interest expense		(395,100)	(486,174)
Net cash used in operating activities	15	(2,887,242)	(2,815,713)
Cash Flows from Investing Activities			
Purchases of property, plant and equipment		(499,512)	(186,118)
Payments for exploration and evaluation and mining licences		(3,583,102)	(2,513,918)
Net cash used in investing activities		(4,082,164)	(2,700,036)
Cash Flows from Financing Activities			
Net proceeds from issue of shares		15,024,967	5,741,241
Repayments of borrowings		(4,000,000)	–
Net cash generated by financing activities		11,024,967	5,741,241
Net increase in cash held		4,055,561	225,492
Cash and cash equivalent at 1 July 2009		394,304	168,812
Cash and cash equivalent at 30 June 2010	6	4,449,865	394,304

The above statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

1 Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Queensland Mining Corporation Limited as an individual entity and the Group consisting of Queensland Mining Corporation Limited and its subsidiaries.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of Queensland Mining Corporation Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and certain other assets, where applicable.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 1(q).

Financial statement presentation

The Group applied AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

a. Principles of Consolidation

The consolidated financial statements incorporates the assets and liabilities of all subsidiaries of Queensland Mining Corporation Ltd ("parent entity") as at 30 June 2010 and the result of all subsidiaries for the year then ended. Queensland Mining Corporation Ltd and its subsidiaries together are referred to in this financial report as the Group. A list of subsidiaries is contained in Note 12 to the financial statement statements.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

b. Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

c. Trade Receivables

Trade receivables and other receivables are carried at amounts due less any allowance for specific doubtful debts.

d. Income Tax

The Group adopts the liability method of tax – effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Queensland Mining Corporation Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group with effect from 1 July 2007. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each Group entity is then subsequently assumed by the parent entity.

e. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

f. Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of long service leave and other employee entitlements which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date

Contributions made by the consolidated entity to employee superannuation funds are charged to expenses as incurred.

g. Exploration and Evaluation Expenditure

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

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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

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

h. Mining licences

Mining licences are carried at cost less, where applicable, impairment losses.

The carrying amount of mining licences is reviewed annually by the Directors to ensure that the recoverable amount of the assets, are not in excess of their carrying value.

i. Share based payments

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as expenses over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of option is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

j. Plant and Equipment

Plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

FOR THE YEAR ENDED 30 JUNE 2010

Depreciation

Plant and equipment, are depreciated over their estimated useful lives ranging from 3 to 40 years to write off the net cost of each asset during its expected useful life. The straight line method of depreciation is used.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

k. Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

l. Financial assets and liabilities

The net market values of the Group's financial assets and liabilities approximate their carrying amounts.

m. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investment with original maturities of three months or less, and bank overdraft.

n. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated in the Balance Sheet inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows.

o. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting adopted for financial assets that are delivered within time frames established by marketplace convention.

Financial instrument are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or losses are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Group is no longer has any significant continuing involvement in the risks and benefits associated with the assets.

Financial liabilities are derecognised where related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

- *Loans and receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.
- *Held to maturity investments*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.
- *Financial liabilities*
  Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

p. Critical Accounting Estimates and Judgements

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

Key estimate – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value assessments and value-in-use calculations performed in assessing recoverable amount incorporate a number of key estimates.

Key judgements – provision for impairment of receivables

Included in accounts receivable at 30 June 2010 is an amount receivable from Tennant Ltd for sales made during the previous financial year carried forward accounting to $306,735. The Directors believe that the full amount of the debt is recoverable, and no provision for impairment of receivables has been made at 30 June 2010.

q. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

Change in accounting policy

The Group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting. This has not resulted in any changes to the segments identified by the CODM, there has been no impact to the measurement of the Group's assets and liabilities.

r. Going concern

The Group made an operating loss of $4,228,968 for the year ended 30 June 2010. This condition indicates the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The ongoing viability of the Group and the recoverability of its non-current assets is dependent on the successful development or sale of its exploration and evaluation expenditure which is contingent on the successful implementation of various capital initiatives which may include future capital raisings.

The Directors believe that the exploration and evaluation expenditure will be either developed or otherwise dealt with and that the non-current assets are not included in the Financial Report at less than their recoverable amount.

The Financial Report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations, project expenditure commitments and to repay liabilities and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The Directors believe that the Group will be able to fund future operations through debt finance, equity raising and sale or joint venturing of interests held in mineral tenements and projects.

The Directors believe that they will be successful in raising sufficient funds to ensure that the Group can continue to meet its debts as and when they become due and payable. However, if additional funds are not raised, the going concern basis may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report. No allowance for such circumstances has been made in the Financial Report.

s. Accounting standards effective but not yet adopted

The AASB has issued new and amended accounting standards and interpretation that have mandatory application for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and there impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amended to Australian Accounting Standards arising from AASB 9 (AASB 1, 3 , 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretation 10 & 12) (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amended the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

  Change made to accounting requirements include:

  - Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - Simplifying the requirements for embedded derivatives;
  - Removing the tainting rules associated with held-to-maturity assets;
  - Removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised costs;
  - Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.
  - Reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

    a. The objective of the entity's business model for managing the financial assets; and;

    b. The characteristics of the contractual cashflows.

  - AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

    This standard removes the requirements for government related entities. No changes are expected to materially affect the Group.

  - AASB 2009 - 8: Amendments to Australian Accounting Standards – Group Cash- settled Share-based Payment Transactions (AASB 2) (Applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments classify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 & 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009 – 9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters (AASB 1) (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009 – 10: Amendments to Australian Accounting Standards – classification of Right issues (AASB 132) (applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify that rights, options, or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non – derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009 – 12: Amendments to Australian Accounting Standards (AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052) (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect change made to the text of International Financial Reporting Standards by the IASB. The standards also amends AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purpose of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009 – 13: Amendments to Australian Accounting Standards arising from Interpretations 19 (AASB 1) (applicable for annual reporting periods commencing on or after 1 July 2010).

  This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009 – 14: Amendments to Australian Interpretations – Prepayment of a Minimum Funding Requirement (AASB Interpretation 14) (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous requirements when an entity repays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

Prior Period Adjustment

The Group is accounting for a prior period error. In the current reporting period Management noted that certain plant and equipment acquired on acquisition of the Gilded Rose and Mt Freda tenements was incorrectly included in the carrying value of Exploration and Evaluation Assets. The adjustment has resulted in the re-classification of $2,282,000 from Exploration and Evaluation Assets to Plant and Equipment prior year comparatives have been re-stated. The adjustment has resulted in an additional $114,804 in depreciation being recognised in the prior period statement of comprehensive income and $159,467 to the prior year opening accumulated losses.

FOR THE YEAR ENDED 30 JUNE 2010

	GROUP 2010 $	GROUP 2009 $

2 Expenses

Loss from ordinary activities before income tax has been determined after:

	2010 $	2009 $
Accounting fees	98,000	98,000
Auditors' remuneration	67,000	83,000
Exploration expenses	291,352	–
Share based payments	142,500	48,000
Corporate development	98,584	245,274
Interest expense	395,100	486,174
Depreciation	462,747	468,808
Impairment		
Property, plant and equipment	–	800,000
Inventories	–	151,000
Exploration and evaluation expenditure	–	963,885
	–	1,914,885
Management Fees	567,314	531,769
Employee expenses		
Wages and salaries	451,612	123,444
Other employment expenses	205,699	2,648
Superannuation	186,800	106,538
	844,111	232,630
Other Expenses:		
Advisory services – cash	386,045	243,282
Advisory services – option expenses	–	–
Hire of plant and equipment	31,322	–
Legal fees	239,363	140,589
Professional fees	43,655	4,774
Travel expenses	172,736	129,265
Administration – Birkdale office	–	77,086
Marketing expenses & investor relation	163,162	27,482
Motor vehicle and bulldozer expenses	52,343	21,096
Rental	149,837	201,871
Other expenses	595,856	183,831
	1,834,319	1,029,276

	GROUP 2010 $	GROUP 2009 $

3 Income Tax Expense

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2010 $	2009 $
Net Loss	(4,228,968)	(4,874,502)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(1,268,690)	(1,462,351)
Add/(less):		
Tax effect of:		
– Other non deductible items	7,151	7,091
– Option expense	71,569	189,695
	78,720	196,786
Tax effect of tax losses not brought to account as they do not meet the recognised criteria	(1,189,970)	(1,265,565)
Income tax attributable to operating loss	–	–
Total income tax losses for which no deferred tax asset has been recognised	18,451,838	14,485,271

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; and

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

4 Key Management Personnel Remuneration

a. Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Mr David E Usasz	Chairman – Non Executive (appointed 15 June 2007)
Mr Howard V Renshaw	Managing Director – Executive
Mr Richard Hill	Director - Non-Executive (appointed 1 October 2010)
Mr Kevin Maloney	Director – Non Executive (resigned on 14 August 2009)

b. Remuneration policy

The remuneration policy of Queensland Mining Corporation Ltd has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component. The Board of Queensland Mining Corporation Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

4 Key Management Personnel Remuneration Continued

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

- the remuneration policy, setting the terms and conditions for the key management personnel, was developed by the remuneration committee and approved by the Board after seeking professional advice from independent external consultant;
- all key management personnel receive a base salary, superannuation, options and performance incentives;
- the remuneration committee reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%. 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 company and expensed.

c. Key management personnel remuneration

	Short-term benefits				Long-term benefit		
Director	**Director's fee and salary**	**Super-annuation**	**Bonus**	**Total**	**Other**	**Share-based payment**	**Total**
Mr David E Usasz	25,500	24,000	–	49,500	–	43,516	43,516
Mr Howard V Renshaw	280,000	50,000	–	330,000	–	51,428	51,428
Mr Richard Hill	36,000	–	–	36,000	–	15,824	15,824
Mr Kevin Maloney	43,208	4,550	–	47,758	–	–	–
Total	384,708	78,550	–	463,258	–	110,768	110,768

d. Number of Shares held by Key Management Personnel

	Balance 30.06.08	Acquired during the year	Disposed during the year	Balance 30.06.09	Acquired during the year	Disposed during the year	Balance 30.06.10
Mr David E Usasz	500,000	300,000	–	800,000	150,000	–	950,000
Mr Howard V Renshaw	9,700,000	750,000	–	10,450,000	–	–	10,450,000
Mr Richard Hill	–	–	–	–	416,000	–	416,000
Total	10,200,000	1,050,000	–	11,250,000	566,000	–	11,816,000

5 Auditors' Remuneration

	GROUP 2010 $	2009 $
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report	67,000	83,000

FOR THE YEAR ENDED 30 JUNE 2010

	GROUP 2010 $	GROUP 2009 $

6 Cash and Cash Equivalents

	2010 $	2009 $
Cash at bank and in hand	4,449,865	394,304

The effective interest rate on cash deposits at call was 4.50 % (2009: 4.25 %).

Risk Exposure

The Group's exposure to interest rate risk is discussed in note 16. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned.

7 Trade and other Receivables

	GROUP 2010 $	GROUP 2009 $
Current		
Accounts receivable	320,601	320,601
Other current receivables		
GST and fuel credit receivable	207,107	91,564
Pre-payments	545,000	–
Other receivables	301,353	118,521
	1,050,460	210,085
	1,371,061	530,686

Other receivables consist of research and development rebate from the ATO and prepaid drilling work from a 3rd party.

The ageing of the debtor are as follows:

	GROUP Gross $	GROUP Provision $
Not past due	1,053,460	–
Past due 1 – 30 days	–	–
Past due 31 – 60 days	–	–
Past due 61 – 90 days	–	–
Past 90 days	320,601	–
	1,374,061	–

Past due but not impaired

The accounts receivable include amounts due from Tennant Limited which are past due. This debtor has been assessed by the Group and is not considered impaired.

Other receivables

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

Fair value and credit risk

Due to the short-term nature of the receivables (with the exception of Tennant Limited), their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 16 for more information on the risk management policy of the Group and credit quality of the receivables.

FOR THE YEAR ENDED 30 JUNE 2010

8 Inventories

	GROUP 2010 $	2009 $
Inventories	75,000	75,000

9 Plant and Equipment

	GROUP 2010 $	2009 $
As previously reported		
Balance at the beginning of the year	–	4,056,313
Prior year adjustment (Note 1)	–	2,122,533
Balance at the beginning of year	5,096,156	6,178,846
Additions	499,512	186,118
Disposals	(462,747)	(468,808)
Impairment	–	(800,000)
Carrying amount at the end of year	5,132,921	5,096,156

10 Mining Licences and Exploration and Evaluation Expenditure

	GROUP 2010 $	2009 $
Mining Licences		
As previously reported		
Balance at the beginning of the year	–	14,461,239
Prior year adjustment (Note 1)	–	(2,282,000)
Opening balance/ restated balance	11,215,354	12,179,239
Acquired during the year	1,124,546	–
Impairment loss	–	(963,885)
	12,339,900	11,215,354
Exploration and evaluation expenditure		
Opening balance	7,667,721	5,153,803
Capitalised during the year	2,004,430	2,513,918
	9,672,151	7,667,721

Recoverability of the carrying amount of the exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

FOR THE YEAR ENDED 30 JUNE 2010

11 Trade and other Payables

	GROUP 2010 $	GROUP 2009 $
Trade payables	223,437	427,123
Sundry payables and accrued expenses	431,983	184,780
Other advances	12,913	19,914
	668,333	631,817

Risk Exposure

Information about the Group's risk exposure is provided in note 16.

12 Parent Entity

	GROUP 2010 $	GROUP 2009 $
Financial information in relation to		
Statement of Comprehensive income		
Comprehensive loss for the year	4,216,876	4,855,560
Income tax expense	–	
Total comprehensive loss for the year	4,216,876	4,855,560
Accumulated losses		
Accumulated losses at the beginning of the year	14,650,564	9,795,004
Loss for the year	4,216,876	4,855,560
Accumulated Losses at the end of the year	18,867,440	14,650,564
Statement of Financial Position		
Current assets	5,847,398	974,409
Non current assets	27,282,081	24,104,248
Total assets	33,129,479	25,078,657
Current liabilities	1,632,844	5,622,275
Non current liabilities	–	–
Total liabilities	1,632,844	5,622,275
Net Assets	31,496,635	19,456,382
Share capital	47,712,444	31,693,879
Share options reserve	2,651,631	2,413,067
Accumulated losses	(18,867,440)	(14,650,564)
	31,496,635	19,456,382
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	–	–
Details of any contingent liabilities of the parent entity	–	–
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	–	–

12 Parent Entity Continued

Subsidiaries	Country of Incorporation	Percentage Owned 2010	2009
Parent Entity:			
Queensland Mining Corporation Ltd	Australia		
Subsidiaries of Queensland Mining Corporation Ltd:			
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 Company Pty Ltd	Australia	100	100
Cloncurry River Mining Company Pty Ltd	Australia	100	100
Kuridala Mine 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

13 Financial Liabilities

	GROUP 2010 $	2009 $
a. Convertible Notes		
Current		
Convertible note – at the beginning of the year	5,000,000	5,000,000
Payment – during the year	(4,000,000)	–
Converted into short- term unsecured loan (b)	(1,000,000)	–
	–	5,000,000
b. Unsecured Loan		
Current		
Unsecured loan*	1,000,000	–
	1,000,000	–

* The Company paid out the convertible notes and entered into an unsecured loan agreement with Tulla Resources Pty Ltd on 31 March 2010. The loan carries an interest of 10% per annum and is due for repayment on 31 March 2011.

FOR THE YEAR ENDED 30 JUNE 2010

	GROUP 2010 $	2009 $

14 Issued Capital

	2010 $	2009 $
316,632,589 (2009: 196,305,422 fully paid ordinary shares)	47,712,444	31,693,879
Ordinary shares		
At the beginning of reporting period	31,693,879	25,904,638
Shares issued during the year	15,134,700	5,580,907
Conversion of Options	2,163,125	408,334
	17,297,825	5,989,241
Less: Costs of capital raising	(1,279,260)	(200,000)
At the end of the reporting period	47,712,444	31,693,879

	No.	No.
At the beginning of reporting period	196,305,422	162,223,070
Shares issued during the year	109,974,667	30,899,030
Conversion of options	10,352,500	3,183,322
At the end of the reporting period	316,632,589	196,305,422

Options

	GROUP 2010 $	2009 $
At the beginning of reporting period	2,413,067	2,413,067
Options issued during the year	238,564	–
Conversion of options	–	–
	2,651,631	2,413,067

	No.	No.
At the beginning of reporting period	62,613,096	65,796,418
Options expired during the year	(21,774,484)	–
Options granted during the year	39,675,000	–
Option exercised during the year	(10,352,500)	(3,183,322)
At the end of the reporting period	70,161,112	62,613,096

The 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

Fair value of options granted

Fair values at grant date are independently determined using a 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 volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

14 Issued Capital Continued

The model inputs for options granted during the year ended 30 June 2010 included:

a) Options are granted for no consideration;
b) Exercise price of $0.25 and $0.35;
c) Grant dates of 14 January 2010 and 17 March 2010;
d) Expiry date of 30 November 2012 and 16 March 2013;
e) Vesting period of 2 years;
f) Share price at grant date of $0.23 and $0.13;
g) Expected volatility of the company's shares 94%;
h) Expected dividend yield 0.0%; and
i) Risk free rate 4.75%

Expected volatility is based on the implied volatility of publically traded options over the Group's share and the historic volatility of the market price and the Group's share price. Each of these assumptions has been based on two years' historic volatility data. The valuation per option has been determined at $0.13 and $0.06 per option. The dividend rate is based on the past Group practice and the Risk free rate is determined with reference to medium term government bonds.

15 Cash Flow Information

	GROUP	
	2010 $	2009 $
a. Reconciliation of Cash Flow from Operations with Loss to Ordinary Activities after Income Tax		
Loss from ordinary activities after income tax	(4,228,968)	(4,874,502)
Non-cash flows in profit from ordinary activities		
Depreciation	462,747	468,808
Impairment	–	1,914,885
Shares based payment	142,500	48,000
Option expense	238,563	–
Changes in assets and liabilities		
(Increase)/decrease in sundry debtors	326,096	424,942
Increase/(decrease) in payables	171,820	(797,846)
Cash flow from operations	(2,887,242)	2,815,713

16 Financial Risk Management

a. Financial Risk Management Policies

The Group's financial instruments, consists mainly of deposits with banks, accounts payable and receivables and convertible notes.

The main purpose of non-derivative financial instruments is to raise finance for the Group operations.

i. Risk management

A finance committee consisting of senior executives of the Group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The finance committee's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

16 Financial Risk Management Continued

The finance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

ii. Financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are interest rate risk, credit risk and price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2010, all Group debt is fixed at 10% (2009: 10%).

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as discloses in the balance sheet and notes to the financial managements.

Credit risk is managed on a Group basis and reviewed regularly by the finance committee. It arises from exposures to customers as well as trough certain derivative financial instruments and deposits with financial institutions.

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

- only banks and financial institutions with an 'A' 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.

Credit risk for counter parties included in financial assets and financial liabilities, at 30 June 2010 is detailed below:

	GROUP	
	2010 $	2009 $
Other receivables	301,353	118,521
Total	**301,353**	**118,521**

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The following table illustrates the contractual maturities of the Group's and Parent Entity's financial liabilities:

Within six months	1,655,420	5,447,037
6 – 12 months	–	–
Between 1 and 2 years	–	–
	1,655,420	5,447,037
Total contractual cash flows	1,655,420	5,447,037
Carrying amount of liabilities	1,655,420	5,447,037
Non interest bearing	655,420	447,037
Fixed interest rate	1,000,000	5,000,000
Variable interest rate	–	–
	1,655,420	5,447,037

16 Financial Risk Management Continued

b. Financial Instrument

Price risk sensitivity analysis

The Group is currently in the exploration phase therefore movements in commodity prices within reasonable ranges would not have a material impact on the comprehensive loss for the year.

17 Related Party Transactions

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

	GROUP 2010 $	2009 $
During the year, the Entity used the services of Butmall Pty Ltd for the provision of three accounting administration, secretarial and corporate staff and office rental for the company head office and administration services at commercial rates. Mr Howard Renshaw was a director of Butmall Pty Ltd during the whole of the year.	211,727	168,000
This amount includes amounts paid to Butmall Pty Ltd for bonuses in relation to services of Howard Renshaw for the years ended 30 June 2009 and 2010. In previous years, bonuses were recognised to Mr Renshaw in the year following the year to which the bonus related.	126,000	–
During the year, the Entity used the services of DFK Richard Hill Pty Ltd for the provision of secretary, advisory, taxation and accounting services at commercial rates. Mr Richard Hill is a director of DFK Richard Hill Pty Ltd during the financial year.		
– Accounting and secretarial fee	98,000	–
– Corporate advisory fees in relation to fund raising, prospectus preparation and corporate advisory with respect to the White Range Project acquisition and due diligence	160,093	–
Payment to Morbride Pty Ltd for corporate fee as commercial rate. David Usasz is a director of the company.	30,000	–

18 Exploration Expenditure Commitments

	GROUP 2010 $	2009 $
Payables		
due within one year	152,118	338,115
due within 1 – 2 years	350,000	350,000

The exploration expenditure commitments relate to the Group's share of exploration and evaluation expenditure required to comply with the licence terms issued by the relevant regulatory body.

These obligations may be subject to re-negotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.

19 Earnings per Share

	GROUP 2010 cents	GROUP 2009 cents
Basic / Diluted loss per share	1.70	2.80

	GROUP 2010 $	GROUP 2009 $
Reconciliations of losses used in calculating loss per share:		
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share	4,228,968	4,874,502
Loss attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	4,228,968	4,874,502

	GROUP 2010 No.	GROUP 2009 No.
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	249,313,492	175,381,501
Adjustments for calculation of diluted earnings per share	–	–
	249,313,492	175,381,501

Options are considered potential ordinary shares for the purposes of diluted earnings per share. However, at 30 June 2010 and 30 June 2009, based on the circumstances of the consolidated entity, the options are not considered dilutive and therefore have not been used in the calculation of diluted earnings per share.

20 Events after the Balance Sheet date

In July 2010, the Company completed the settlement of the acquisition of the White Range Project for a total of $5m comprising cash of $2.5m and the issue of 25 million ordinary shares in satisfaction of the balance purchase price.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 15 to 35 are in accordance with the *Corporations Act 2001*:
   a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
   b. give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and Group;
2. The Executive Chairman and Company Secretary have each declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Daniel Usasz

David Usasz
Chairman

Dated this 30 September 2010

Independent Auditor's Report

PKF

Chartered Accountants
& Business Advisers

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, which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' Declaration. The consolidated entity comprises Queensland Mining Corporation Limited (the company) and the entities it controlled at the year's end and from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors' 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 entity's preparation and fair presentation of the financial report 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 entity'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*.

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Chartered Accountants
& Business Advisers

Auditors' 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 company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included the Directors' Report for the year ended 30 June 2010. 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.

Auditors' Opinion

In our opinion the Remuneration Report of Queensland Mining Corporation Limited for the year ended 30 June 2010 complies with Section 300A of the *Corporations Act 2001*.

Emphasis of Matter - Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(q) to the financial statements which indicates that the consolidated entity recorded an operating loss of $4,228,968 for the year ended 30 June 2010. This condition, along with other matters as set forth in Note 1(q), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore whether it may realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in the Financial Report.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

PKF
CHARTERED ACCOUNTANTS

Bruce Gordon
Partner

Sydney
30 September 2010

ASX ADDITIONAL INFORMATION AS AT 19 OCTOBER 2010

Mining Titles & Interest Report

All of QMC's tenements are held within Cloncurry district, northwest Queensland.

Tenement Number	QMC Interest	Status
EPM 13336	Earning 75%	Granted #
EPM 15706	100%	Granted
EPM 15718	75%	Granted
EPM 15879	100% *	Granted
EPM 16078	100%	Granted
EPM 16628	100%	Application
EPM 16976	100%	Granted
EPM 17246	100%	Application
EPM 17247	100%	Application
EPM 17248	100%	Granted
EPM 17249	100%	Application
EPM 17250	100%	Application
EPM 17251	100%	Application
EPM 17322	100%	Application
EPM 17323	100%	Application
EPM 17324	100%	Application
EPM 17325	100%	Application
EPM 17326	100%	Granted
EPM 17922	100%	Application
EPM 18097	100%	Application
EPM 18106	100%	Application
EPM 18286	100%	Application
EPM 18440	100%	Application

Tenement Number	QMC Interest	Status
EPM 18476	100%	Application
EPM 18508	100%	Application
EPM 18626	100%	Application
EPM 18627	100%	Application
EPM 18657	100%	Application
EPM 18663	100%	Application
ML 2506	100%	Granted #
ML 2510	100% *	Granted #
ML 2517	100%	Granted #
ML 2518	100% *	Granted #
ML 2530	100% *	Granted
ML 2531	100% *	Granted
ML 2532	100% *	Granted
ML 2533	100% *	Granted
ML 2535	100% *	Granted
ML 2537	100% *	Granted
ML 2538	100% *	Granted
ML 2539	100% *	Granted
ML 2540	100% *	Granted
ML 2541	100% *	Granted
ML 2543	100% *	Granted
ML 2544	100% *	Granted
ML 2545	100% *	Granted

ASX ADDITIONAL INFORMATION AS AT 19 OCTOBER 2010

Tenement Number	QMC Interest	Status
ML 2547	100% *	Granted
ML 2548	100% *	Granted
ML 2549	100% *	Granted #
ML 2550	100%	Granted #
ML 2551	100%	Granted #
ML 2552	100% *	Granted
ML 2553	100% *	Granted
ML 2709	100%	Granted #
ML 2711	100%	Granted
ML 2713	100%	Granted
ML 2719	100%	Granted
ML 2741	100%	Granted #
ML 2742	100%	Granted #
ML 2750	100%	Granted #
ML 2752	100%	Granted #
ML 2763	100%	Granted #
ML 2777	100% *	Granted #
ML 2778	100% *	Granted #
ML 2779	100% *	Granted #
ML 2788	100% *	Granted #
ML 7498	100% *	Granted #
ML 7511	100%	Granted #
ML 7512	100%	Granted #

Tenement Number	QMC Interest	Status
ML 90084	100% *	Granted
ML 90088	100%	Granted
ML 90099	100%	Granted
ML 90103	100% *	Granted #
ML 90104	100% *	Granted #
ML 90147	100%	Granted
ML 90148	100%	Granted
ML 90149	100%	Granted #
ML 90172	100% *	Application
ML 90173	100% *	Application
ML 90174	100% *	Application
ML 90175	100% *	Application
ML 90176	100% *	Application
ML 90202	100%	Application
ML 90203	100%	Application
ML 90204	100%	Application
ML 90205	100%	Application
ML 90206	100%	Application
ML 90207	100%	Application
MC 4348	100% *	Granted
MC 4349	100% *	Granted
MC 4350	100% *	Granted

Renewal pending
* 100% has been acquired – assignments are to be finalised.

ASX ADDITIONAL INFORMATION AS AT 19 OCTOBER 2010

Subsequent event: QMC purchased the following tenements from Matrix Metals Ltd, which were settled on 16th July 2010. The tenements are in progress to be transferred to QMC and its subsidiary companies.

Tenement Number	QMC Interest	Status
ML 90134	100%	Granted
ML 2519	100%	Granted #
ML 90081	100%	Granted #
ML 90082	100%	Granted #
ML 90083	100%	Granted
MLA 90161	100%	Application
MDL 204	100%	Granted
MDL 205	100%	Granted
EPM 14148	100%	Granted #
EPM 15897	100%	Granted
EPM 14163	100%	Granted
EPM 14475	100%	Granted
EPM 15858	100%	Granted
EPM 15859	100%	Granted
EPM 15196	100%	Granted
EPM 15520	100%	Granted
EPM15031	100%	Granted

Renewal pending

1. Orion JV agreement EPM17602, QMC's earning up to70%
2. Exco-Matrix tenement swap agreement, EPM13091 and EPM15740 consolidated into EPM17602.

ASX ADDITIONAL INFORMATION AS AT 19 OCTOBER 2010

Substantial Shareholders

Matrix Metals Limited has a relevant interest in 20,150,000 shares

BLB Holdings Pty Ltd has a relevant interest in 13,657,016 shares

Mr Ross Jeremy Taylor has a relevant interest in 12,455,961 shares

Mr Howard Renshaw has a relevant interest in 10,550,000 shares

Global House Limited has a relevant interest in 10,000,000 shares

Security Classes:

Fully Paid Ordinary Shares: 306,652,589

Fully Paid Ordinary Shares (ASX Escrow 24 months from Listing): 34,980,000

Voting Rights

Ordinary Shares: At Shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Distribution of Shareholders

Holding Ranges	Holders	Total Units	%
1-1,000	25	5,017	0.001
1,001-5,000	280	1,018,475	0.298
5,001-10,000	441	3,779,93	1.106
10,001-100,000	1,643	69,832,737	20.441
100,001-99,999,999,999	486	266,996,425	78.153
Totals	**2,875**	**341,632,589**	**100.000**

Holders of Non- Marketable Parcels

There are nil shareholders who hold less than a marketable parcel of shares.

A marketable parcel is a parcel of securities of not less than $500.

No Current on-market buy back

There is no current on-market buy back.

Escrowed Securities

The number of ordinary shares subject to an escrow period of 24 months from the date of listing is 34,980,000. The escrow period on these securities expire 24 months from listing.

Options

Listed Options: 31,000,000

Unlisted Options: 25,611,112

Options: (ASX Escrow 24 months from Listing): 13,550,000

ASX ADDITIONAL INFORMATION AS AT 19 OCTOBER 2010

20 Largest Shareholders – Ordinary Shares	19-10-2010	%
Matrix Metals Limited ‹In Liquidation A/C›	20,150,000	5.898
BLB Holdings Pty Ltd	13,657,016	3.998
Mr Ross Jeremy Taylor	12,455,961	3.646
H V R Pty Ltd ‹H V R Super Fund A/C›	10,450,000	3.059
Global House Limited	10,000,000	2.927
Mr Brian Lesleigh Williams & Mrs Valerie Ruby Dawn Williams ‹Williams S/F A/C›	5,500,000	1.610
Purcell Gold Mining Limited	5,400,000	1.581
Bourse Securities Pty Ltd	4,845,739	1.418
Marley Holdings Pty Ltd	4,080,000	1.194
Tulla Resources Group Pty Limited	3,903,933	1.143
Nelbert Finance Limited	3,694,718	1.081
Mr Simon David Gilbert & Mrs Jane Elizabeth Gilbert ‹S D Gilbert Family A/C›	3,600,000	1.054
Holmberg Nominees Pty Ltd ‹NI Burton P/L S/F No 2 A/C›	3,376,197	0.988
Mr Ralph Tonkin	3,000,000	0.878
HMW Superannuation Fund Pty Ltd	2,300,000	0.673
Yellowrock Pty Ltd	2,266,667	0.663
Mr Wei Turk Tan	2,100,000	0.615
Litho Art Pty Ltd	2,000,000	0.585
Mr Aniket Shah	1,987,091	0.582
L C Asia Limited	1,874,630	0.549
Totals for Top 20	**116,641,952**	**34.143**
Security Totals	**341,632,589**	

Corporate Directory

DIRECTORS

Mr David Usasz (Chairman, appointed on 15 June 2007)
Mr Howard Renshaw (Managing Director)
Mr Richard Hill (Non-Executive Director, appointed 1 October 2009)
Mr Kevin Maloney (Non-Executive Director, resigned 14 August 2009)

COMPANY SECRETARY

Mr Richard Hill (appointed on 9 August 2007)

REGISTERED OFFICE

C/- DFK Richard Hill, Chartered Accountants
Level 11, 32 Martin Place,
Sydney, NSW, 2000.
Website: www.queenslandminingcorporationcom.au
ASX Code: QMN

HEAD OFFICE

Level 24 Royal Exchange
56 Pitt Street
Sydney NSW 2000

REGIONAL OFFICE

88 Seymour Street
Cloncurry QLD 4824

SHARE REGISTRY

Registries Limited
Level 7
207 Kent Street
Sydney NSW 2000

AUDITORS

PKF Chartered Accountants & Business Advisors
Level 10, 1 Margaret Street
Sydney NSW 2000

PHOTOGRAPHY by QMC Managing Director Mr. Howard Renshaw
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