

Queensland Mining Corporation Ltd A.B.N 61 109 962 469 and its Subsidiaries

QUEENSLAND MINING CORPORATION LIMITED

A.B.N. 61 109 962 469

**ANNUAL REPORT
For The Year Ended
30 June 2011**

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DIRECTORS' REPORT

Your Directors present this report on the Group for the financial year ended 30 June 2011.

Directors

The following persons were Directors of the Group during the whole financial year and up to the date of this report unless otherwise stated:

Mr David Usasz
Mr Howard Renshaw
Mr Richard Hill
Mr Brian Rear (appointed 19 May 2011)

Company Secretary

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

Richard Hill, who holds Bachelor of Commerce Degree and is a fellow of the Institute of Chartered Accountants in Australia. He is a senior partner of DFK – Richard Hill, Chartered Accountants and Business Advisory Services. He has extensive expertise in the copper/gold sector in Australia and PNG. He currently provides secretarial and corporate advisory services to a number of listed Australian companies including the Group.

Principal Activities

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

Operating Results

The Group's loss for the year after providing for income tax amounted to \$4,013,548 (2010: \$4,228,968).

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 Gilded Rose Gold Mine, Young Australian Mine, QMC-Orion JV Black Fort IOCG target, and QMC's 100% owned Jessievale IOCG target. Approximately 5,340 metres of diamond and RC drilling was completed during the period October to December 2010. Due to the prolonged wet season and drill rig procurement delays, drilling commenced again in July 2011.

The geological team led by Dr. Guojian Xu, General Manager in Exploration continued to concentrate on the White Range EPMS and MLs to develop drilling programs for the forthcoming drill season.

At the date of acquisition of Matrix on 16 July 2010, the measured, indicated and inferred resource was 14.842 million tonnes at average grade of 1.1 % Cu for total copper of 163,262 tonnes as reported by Matrix in its last annual report in 2008.

Following the acquisition the Group retained Golder & Associate Pty Limited to review all Matrix JORC copper resources and to include gold and cobalt credits. This review resulted in an increased JORC resource to 241,000 tonnes (cut off grade 0.2, average grade 0.74% of Cu). In addition, the nearby

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Young Australian project has delivered a first time JORC resource of 21,000 tonnes of Cu at grade of 1% at 0.2% cut-off based on an evaluation by James McIlwraith. Based on the above, QMC has reported an updated JORC resource totalling 262,000 tonnes of Cu at an average 0.74% Cu and 0.2% cut-off contained within 35.4 million tonnes. In addition, 24 million pounds of Cu and 193,000 ounces of Au were reported as credits to the copper resources at the various mines.

During the year, JORC resources were established for the first time at Mt Freda gold mine of 1.6million tonnes @1.7 g/t Au for 89,000 ounces and Gilded Rose gold mine 143,000 tonnes @ 4.2 g/t Au for 19,000 ounces from drilling carried out during the previous financial year.

The current drilling program will be focused on increasing copper resources at White Range, Young Australian ML, and Duck Creek MLs and EPMS and gold resources at Mt Freda, Gilded Rose and Surprise (Greenmount ML – White Range).

Recent trade sales in the Cloncurry District support the significance of the emerging opportunities at White Range.

Financial Position

The Group's share capital increased by \$8,911,417 through the issue of 85,964,888 ordinary shares. Of these shares 25 million were issued to Matrix Metals Limited as part of the consideration for the acquisition of the Cloncurry South Project (White Range). The balance of the consideration for the acquisition of \$2m was paid in cash. Acquisition expenses, due diligence, drilling and exploration, geological evaluation in relation to White Range along with bonds, annual fees, rents and shire rates, amounted an additional \$2.8 million.

The Group during the year repaid a \$1m loan.

Cash and receivables as at 30 June 2011 totalled \$2,019,311 (2010 : \$5,823,926).

Environmental Issues

The Group is aware of the non-compliance of certain of its environmental authorities (EA's). DERM has notified the Group of certain remedial action required which is being attended to and DERM has confirmed that no enforcement action is contemplated in relation to these matters.

Significant Changes in State of Affairs

As noted in the "After Balance Date Events" in the 2010 Annual Report the Group reported on the completion of the acquisition of the White Range Project in July 2010. This acquisition was a material one for the Group as it added significant JORC Resources and exploration ground and mining leases to the Group's portfolio. The White Range Project, when integrated with our existing South Cloncurry tenements, has refocused the priorities of the Group and enhanced its future prospects. As a consequence, this has imposed additional financial and management commitments on the Group.

After Balance Date Events

In July 2011, the Group secured a \$3 million loan from Tulla Resources Group Pty Ltd. The loan is unsecured and will provide funds for working capital, the drilling program and updating the bankable feasibility study for the White Range project. Interest is charged on this loan at 10% p.a. and is repayable in October 2012.

Likely Developments and Expected Results of Operations

Other than as referred to in this Report any further information as to the likely developments in the operations of the Group and the likely results of those operations, would in the opinion of the Directors be speculation and would not be in the best interest of the Group.

Information on Directors

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.

Mr Howard Renshaw

Managing Director and Deputy Chairman
(appointed a director on 08 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 and former director of the NSW Grain Handling Authority for 7 years.

Mr Richard Hill B Com, FCA

Executive director

(appointed a director on 01 October 2009)

Richard holds Bachelor of Commerce Degree and is a fellow of the Institute of Chartered Accountants in Australia. He is a senior partner of DFK – Richard Hill, Chartered Accountants and Business Advisory Services. He has extensive expertise in the copper/gold sector in Australia and PNG. He currently provides secretarial and corporate advisory services to a number of listed Australian companies.

Mr Brian Rear

Independent Non-Executive Director
(appointed a director on 19 May 2011)

Brian is a graduate of the Western Australian School of Mines (AWASM Metallurgy), The Royal School of Mines (MSc London, DIC, Mineral Process Design) and holds a Master Degree in Business Leadership (MBL) from the Business School of the University of South Africa. He is a member of the Australian Institute of Company Director, MAICD. Brian has extensive internationally work and management experience. He has first-hand experience in copper processing and metallurgical recovery, gold, uranium, base metals, thermal coal, mineral sands and industrial minerals. Brian was a founding director of CEO of Straits Resources Limited.

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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	Director's Meetings	
	Entitled to Attend	Attended
Mr David E Usasz	13	13
Mr Howard V Renshaw	13	13
Mr Richard Hill	13	13
Mr Brian Rear	2	2

Member	Audit Committee Meetings	
	Entitled to Attend	Attended
Mr David E Usasz	2	2
Mr Richard Hill	2	2

Directors	Remuneration Committee Meetings	
	Entitled to Attend	Attended
Mr David E Usasz	1	1
Mr Richard Hill	1	1

Remuneration Report (Audited)

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 Group performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the Group's profits and shareholders value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

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

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

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

The payment of bonuses, options and other incentive payments are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined

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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 Group and expensed.

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

Non-executive directors remuneration

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

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 November 2010, where the shareholders approved an aggregate remuneration of \$300,000.

Executive remuneration

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

The executive remuneration and reward framework has two components:

- Base salary; and
- Short-term discretionary performance bonus.

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

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

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Details of Remuneration

Amounts of remuneration

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

The key management personnel of the Group consisted of the Directors of the Group.

2011

Director	Short- term Benefits			Long- term benefit			
	Director's fee and salary \$	Super-annuation \$	Bonus* \$	Total \$	Other \$	Share-based payment \$	Total \$
<i>Executive Directors</i>							
Mr Howard Renshaw	280,000	50,000	60,000	390,000	-	-	-
Mr Richard Hill	146,667	-	-	146,667	-	-	-
<i>Non – Executive Directors</i>							
Mr David E Usasz	31,333	28,667	-	60,000	-	-	-
Mr Brian Rear	4,583	-	-	4,583	-	-	-
Total	462,583	78,667	60,000	601,250	-	-	-

* The Board approved the bonus of \$60,000 to the managing director in relation to the acquisition of the White Range project completed during the financial year.

2010

Director	Short- term Benefits			Long- term benefit			
	Director's fee and salary \$	Super-annuation \$	Bonus \$	Total \$	Other \$	Share-based payment \$	Total \$
<i>Executive Director</i>							
Mr Howard V Renshaw	280,000	50,000	-	330,000	-	51,428	51,428
<i>Non – Executive Directors</i>							
Mr David E Usasz	25,500	24,000	-	49,500	-	43,516	43,516
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

Number of Options held by Key Management Personnel

	Balance 30.06.10	Options granted	Options Exercised/Expired	Balance 30.06.11	Vested and Exercisable	Unvested
Mr David E Usasz	3,500,000	-	(750,000)	2,750,000	2,750,000	-
Mr Howard V Renshaw	5,500,000	-	(2,250,000)	3,250,000	3,250,000	-
Mr Brian Rear	-	-	-	-	-	-
Mr Richard Hill	1,000,000	-	-	1,000,000	1,000,000	-
Total	10,000,000	-	(3,000,000)	7,000,000	7,000,000	-

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Number of Shares held by Key Management Personnel

	Balance 30.06.10	Acquired during the year	Disposed during the year	Balance 30.06.11
Mr David E Usasz	950,000	550,000	-	1,500,000
Mr Howard V Renshaw	10,450,000	-	-	10,450,000
Mr Brian Rear	-	-	-	-
Mr Richard Hill	416,000	-	-	416,000
Total	11,816,000	550,000	-	12,366,000

Management Service Agreements

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

Name: Howard V Renshaw
Title: Managing Director
Term commenced: 30 November 2010
Term of agreement: 3 years
Details: Base salary for the year ended 30 June 2011 of \$240,000 plus superannuation to be reviewed annually by the Nomination and Remuneration Committee. 12 month termination notice by either party

Share based payment compensation

Issue of shares

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

Options

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

Additional information

Key management personnel compensation is not linked to shareholder wealth generation.

This ends the Remuneration Report which has been audited.

Indemnification

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

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporation Act 2001 for leave to bring proceedings on behalf of the Group or to intervene in any proceedings to which the Group 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 Group for all or part of those proceedings.

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

Details of amounts paid or payable to the auditors, 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:

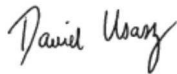
- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditors.
- None of the services undermine the general principles relating to auditors independence as set out in APES 110 Code of Ethics for Professional Accountants.

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

	2011 \$	2010 \$
Audit services		
PKF – Audit and review of financial reports	63,750	67,000

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 2011.

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

Brian Rear

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.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefit arising from employee and board diversity and the importance of benefiting from all available talents.

This diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the objectives regarding gender diversity and aims to achieve these objectives over the next few years as director and senior executive positions become vacant and appropriately qualified candidates become available:

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

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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 encouraged to attend and participate in the General Meeting of Queensland Mining Corporation Ltd, to lodge questions to be responded by the Board of Directors, 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

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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 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 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



Chartered Accountants
& Business Advisers

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To the Directors of Queensland Mining Corporation Limited and the entities it controlled during the year

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

Grant Saxon
Partner

Sydney
30 September 2011

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Liability limited by a scheme approved under Professional Standards Legislation.

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	Group	
		2011	2010
		\$	\$
Research and development refund		-	332,683
Other Income		7,331	7,749
Profit from sale of asset		22,287	-
Interest received		65,557	89,127
Accountancy fees		(160,284)	(98,000)
Auditor's remuneration		(63,750)	(67,000)
Corporate development expenses		(75,937)	(98,584)
Depreciation expense		(469,375)	(462,747)
Exploration expenses		(181,890)	(291,352)
Employee expenses		(516,569)	(844,111)
Interest expense		(52,168)	(395,100)
Management fees		(406,000)	(567,314)
Other expenses	2	<u>(2,182,750)</u>	<u>(1,834,319)</u>
Loss before income tax expense		(4,013,548)	(4,228,968)
Income tax expense	3	-	-
Loss for the year		<u>(4,013,548)</u>	<u>(4,228,968)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>(4,013,548)</u></u>	<u><u>(4,228,968)</u></u>
Loss per share from loss attributable to ordinary equity holders of the parent			
Basic and Diluted EPS	19	(1.07 cent)	(1.7 cent)

The above statement should be read in conjunction with the accompanying notes

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	Group 2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	996,320	4,449,865
Trade and other receivables	7	1,022,991	1,374,061
Inventories	8	75,000	75,000
TOTAL CURRENT ASSETS		2,094,311	5,898,926
NON CURRENT ASSETS			
Property, plant and equipment	9	4,662,500	5,132,921
Mining licences	10	16,966,063	12,339,900
Exploration and evaluation expenditure	10	12,738,126	9,672,151
TOTAL NON – CURRENT ASSETS		34,366,689	27,144,972
TOTAL ASSETS		36,461,000	33,043,898
CURRENT LIABILITIES			
Financial liabilities	13	-	1,000,000
Trade and other payables	11	472,962	668,333
TOTAL CURRENT LIABILITIES		472,962	1,668,333
TOTAL LIABILITIES		472,962	1,668,333
NET ASSETS		35,988,038	31,375,565
EQUITY			
Issued capital	14	56,294,905	47,712,444
Share option reserve		2,695,191	2,651,631
Accumulated losses		(23,002,058)	(18,988,510)
TOTAL EQUITY		35,988,038	31,375,565

The above statement should be read in conjunction with the accompanying notes

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

GROUP

	Note	Ordinary Share Capital \$	Share Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2009	14	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		-	238,564	-	238,564
		<u>47,712,444</u>	<u>2,651,631</u>	<u>(14,759,542)</u>	<u>35,604,533</u>
Comprehensive income for the year		-	-	(4,228,968)	(4,228,968)
Balance at 30 June 2010		<u>47,712,444</u>	<u>2,651,631</u>	<u>(18,988,510)</u>	<u>31,375,565</u>
Transactions with owners in their capacity as owners					
Shares issued during the year		8,911,417	-	-	8,911,417
Share issue costs		(328,956)	-	-	(328,956)
Options issued	14	-	43,560	-	43,560
		<u>56,294,905</u>	<u>2,695,191</u>	<u>(18,988,510)</u>	<u>40,001,586</u>
Comprehensive income for the year		-	-	(4,013,548)	(4,013,548)
Balance at 30 June 2011		<u>56,294,905</u>	<u>2,695,191</u>	<u>(23,002,058)</u>	<u>35,988,038</u>

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

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2011

	Note	Group	
		2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(3,371,609)	(2,576,810)
Interest received		65,557	84,668
Interest expense		(52,168)	(395,100)
Net cash used in operating activities	15	(3,358,220)	(2,887,242)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(16,561)	(499,512)
Proceeds from sale of plant & equipment		50,000	-
Payments for exploration and evaluation and mining licences		(4,907,709)	(3,583,102)
Net cash used in investing activities		(4,874,270)	(4,082,164)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		5,778,945	15,024,967
Repayments of borrowings		(1,000,000)	(4,000,000)
Net cash generated by financing activities		4,778,945	11,024,967
Net (decrease)/increase in cash held		(3,453,545)	4,055,561
Cash and cash equivalents at 1 July		4,449,865	394,304
Cash and cash equivalents at 30 June	6	996,320	4,449,865

The above statement should be read in conjunction with the accompanying notes

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRS

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(p).

Parent entity information

In accordance with the Corporation Act 2001, these financial statements present the result of the Group only. Supplementary information about the parent is disclosed in note 12.

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 2011 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Statement of Financial Position inclusive of GST.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Goods and services tax (continued)

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 indicator of impairment exists, the recoverable amount of the asset is determined. Fair value assessments and value-in-use calculations are performed in assessing the recoverable amount and incorporate a number of key estimates.

Key judgements – provision for impairment of receivables

Included in accounts receivable at 30 June 2011 is an amount receivable from Tennant Ltd for sales made during the previous financial year accounting to \$306,735. The Directors believe that the full amount of the debt is recoverable, and therefore no allowances for doubtful debt have been made at 30 June 2011.

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.

r. Going concern

The Group recorded a loss from operations of \$4,013,548 for the year ended 30 June 2011 (2010: \$4,228,968) and had cash outflows from operations of \$3,358,220 (2010: \$2,887,242). Notwithstanding this the Directors believe the going basis of preparation for the financial statements is appropriate based on the following:

- a) the Group secured a loan facility of \$3m from Tulla Resources Group Pty Limited (refer note 21 for details); and
- b) the Directors will raise additional equity or debt should the need arise in the next 12 months.

The Directors believe these strategies will ensure that the Group is able to pay its debts as and when they fall due in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Accounting standards effective not yet adopted

The following standards and amendments were available for early adoption but have not been applied by the Group in these financial statements. The Group does not anticipate early adoption of any of the following reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods beginning on or after)
<p>AASB 9 Financial Instruments</p>	<p>Simplifies the classifications of financial assets into two categories:</p> <ul style="list-style-type: none"> • Those carried at amortised cost; and • Those carried at fair value. <p>Simplifies requirements related to embed derivatives that exist in financial assets that are carried at amortised cost, such that there is no longer a requirement to account for the embedded derivative separately.</p> <p>Removes the tainting rules associated with held-to-maturity assets.</p> <p>Investments in equity instruments that are not held for trade can be designated at fair value through other comprehensive income, with only dividends being recognised in profit and loss.</p> <p>Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.</p>	<p>1 January 2013</p>
<p>AASB 10 Consolidation</p>	<p>AASB 10 replaces AASB 127 and 3 key elements of control. According to AASB 10 an investor controls an investee if and only if the investor has all the following:</p> <ol style="list-style-type: none"> (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. <p>Additional guidance is provided in how to evaluate each of the three limbs above. While this is not a wholesale change from the current definition of control within AASB 127 (and for many entities no change in practice will result) some entities may be impacted by the change. The limbs above are more principle based rather than hard and fast rules.</p>	<p>1 January 2013</p>

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Accounting standards effective not yet adopted (continued)

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods <u>beginning</u> on or after)
<p>AASB 11 Joint Arrangements</p>	<p>AASB 11 replaces the AASB 131 Interests in Joint Ventures. The previous standard had 3 types of Joint ventures whereas AASB 11 only has two. These are:</p> <ul style="list-style-type: none"> • Joint Operations; and • Joint Ventures. <p>A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.</p> <p>A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.</p> <p>Joint ventures must now be accounted for using the equity method of accounting. The option to proportionately consolidate a joint venture entity has been removed.</p>	<p>1 January 2013</p>
<p>AASB 12 Disclosure of Interests in Other Entities</p>	<p>AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it pulls together and replaces disclosure requirements from many existing standards.</p> <p>The AASB requires an entity to disclose information that enables users of financial statements to evaluate:</p> <ul style="list-style-type: none"> (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows. 	<p>1 January 2013</p>
<p>AASB 13 Fair Value Measurement</p>	<p>AASB 13:</p> <ul style="list-style-type: none"> (a) defines fair value; (b) sets out in a single IFRS a framework for measuring fair value; and (c) requires disclosures about fair value measurements. <p>Fair value is defined as:</p> <p>“the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price)”</p>	<p>1 January 2013</p>

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Accounting standards effective not yet adopted (continued)

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods <u>beginning</u> on or after)
AASB 1053 Application of Tiers of Australian Accounting Standards	<p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <p>(a) Tier 1: Australian Accounting Standards; and</p> <p>(b) Tier 2: Australian Accounting Standards – Reduced Disclosure</p> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>For-profit entities in the private sector that have public accountability (as defined in this Standard) would apply Tier 1 requirements in preparing general purpose financial statements.</p> <p>For-profit private sector entities that do not have public accountability would apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements.</p> <p>Public accountability means accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs. A for-profit private sector entity has public accountability if:</p> <p>(a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or</p> <p>(b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.</p>	1 July 2013
AASB 2009-12	<p>This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.</p> <p>These amendments have no major impact on the requirements of the amended pronouncements.</p>	1 January 2011
AASB 2010-2	<p>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.</p>	1 July 2013

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Accounting standards effective not yet adopted (continued)

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods <u>beginning on or after</u>)
AASB 2010-4	<p>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project are set out below:</p> <p>AASB 7 Financial Instruments: Disclosures Clarification of disclosures</p> <p>AASB 101 Presentation of Financial Statements Clarification of statement of changes in equity</p> <p>AASB 134 Interim Financial Reporting Significant events and transactions</p>	1 January 2011
AASB 2010-5	<p>The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.</p> <p>These amendments have no major impact on the requirements of the amended pronouncements.</p>	1 January 2011
AASB 2010-6	<p>The Standard adds and amends disclosure requirements about transfers of financial assets, including in respect of the nature of the financial assets involved and the risks associated with them.</p>	1 July 2011
AASB 2010-7	<p>The Standard makes numerous amendments to Australian Accounting Standards and Interpretations listed above as a result of the amendments to AASB 9.</p>	1 January 2013
AASB 2010-8	<p>The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in AASB 140 Investment Property. Under AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. However, it is often difficult and subjective to determine the expected manner of recovery when the investment property is measured using the fair value model in AASB 140.</p> <p>To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is recovered entirely through sale.</p> <p>Interpretation 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets addresses similar issues involving non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment. The amendments incorporate Interpretation 121 into AASB 112 after excluding investment property measured at fair value from the scope of the guidance previously contained in Interpretation 121.</p>	1 January 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Accounting standards effective not yet adopted (continued)

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods beginning on or after)
AASB 2010-9	The amendments in respect of severe hyperinflation provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.	1 July 2011
AASB 2010-10	The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9 Financial Instruments as issued in December 2009) as it has been superseded by AASB 2010-7 for annual reporting periods beginning on or after 1 January 2013.	1 January 2013
AASB 2011-1	These amendments are a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the AASB and the FRSB. Phase 1 has addressed the harmonisation of financial reporting requirements across the Tasman in relation to for-profit entities that assert compliance with International Financial Reporting Standards (IFRSs). The Boards were keen to first address differences from IFRSs and between Australian and New Zealand Standards as they apply to for-profit entities, on the basis that such entities are the most likely to claim compliance with IFRSs and trade across the Tasman.	1 July 2011

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Accounting standards effective not yet adopted (continued)

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods <u>beginning</u> on or after)
AASB 2011-2	<p>AASB 1054 contains the Australian-specific disclosures that are in addition to International Financial Reporting Standards. AASB 2011-1 contains the related amendments to other Australian Accounting Standards. For example, some of the disclosure requirements previously in paragraphs Aus15.1-Aus15.3 and other paragraphs of AASB 101 are now included in AASB 1054 instead.</p> <p>This Standard makes amendments to AASB 1054 to introduce reduced disclosure requirements to that Standard for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. These reflect the reduced disclosure requirements originally specified in AASB 2010-2 for AASB 101 disclosures that are now in AASB 1054.</p>	1 July 2013
AASB 2011-4	<p>This Standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures.</p> <p>These amendments arise from a decision of the AASB to remove the individual key management personnel (KMP) disclosures from AASB 124 on the basis they:</p> <ul style="list-style-type: none"> • are not part of International Financial Reporting Standards (IFRSs), which include requirements to disclose aggregate (rather than individual) amounts of KMP compensation; • are not included in New Zealand accounting standards and, accordingly, their removal is consistent with meeting the 2010 Outcome Proposal of the Australian and New Zealand governments that for-profit entities are able to use a single set of accounting standards and prepare only one set of financial statements; • are considered by the AASB to be more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001; • were originally included in AASB 124 when fewer similar disclosure requirements were included in the Corporations Act and, in many respects, relate to similar disclosure requirements currently in that Act and therefore detract from the clarity of the requirements applying in this area; and • could be considered (during the transition period for this Amending Standard) for inclusion in the Corporations Act or other legislation to the extent they presently go beyond the requirements in legislation and are considered appropriate in light of government policy. 	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011	Group 2010
	\$	\$
NOTE 2: EXPENSES		
Loss from continuing operations before income tax has been determined after:		
Accounting fees	160,284	98,000
Auditor's remuneration	63,750	67,000
Exploration expenses	181,890	291,352
Share based payments	32,110	142,500
Corporate development	75,937	98,584
Interest expense	52,168	395,100
Depreciation	469,375	737,018
Management Fees	406,000	567,314
Employee expenses		
Wages and salaries	323,231	451,612
Other employment expenses	84,544	205,699
Superannuation	108,794	186,800
	516,569	844,111
Other Expenses:		
Advisory services	227,416	386,045
Hire of plant and equipment	-	31,322
Legal fees	123,996	239,363
Professional fees	532,979	43,655
Travel expenses	145,609	172,736
Marketing expenses & investor relation	199,268	163,162
Motor vehicle and bulldozer expenses	62,916	52,343
Rental	261,143	149,837
Repair and maintenance	122,247	52,343
Insurance	52,462	60,276
Listing fee	93,614	75,169
Other expenses	361,100	408,068
	2,182,750	1,834,319

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	Group	
NOTE 3: INCOME TAX EXPENSE	2011	2010
	\$	\$
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Net Loss	(4,013,548)	(4,228,968)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(1,204,064)	(1,268,690)
Add/(less):		
Tax effect of:		
- Other non-deductible items	11,844	7,151
- Share based payment	9,630	71,569
	21,474	78,720
Tax effect of tax losses not brought to account as they do not meet the recognition criteria	1,182,590	1,189,970
Income tax attributable to operating loss	-	-
Total income tax losses for which no deferred tax asset has been recognised	19,833,537	15,841,463

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 4: KEY MANAGEMENT PERSONNEL REMUNERATION

a. Names and positions held of the group 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 (appointed 8 July 2004)
Mr Richard Hill	Director - Executive (appointed 1 October 2010)
Mr Brian Rear	Director - Non-Executive (appointed on 19 September 2011)

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.

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

2011

Director	Short- term Benefits			Long- term benefit			
	Director's fee and salary	Super-annuation	Bonus	Total	Other	Share-based payment	Total
	\$	\$	\$	\$	\$	\$	\$
<i>Executive Directors</i>							
Mr Howard Renshaw	280,000	50,000	60,000	390,000	-	-	-
Mr Richard Hill	146,667	-	-	146,667	-	-	-
<i>Non – Executive Directors</i>							
Mr David E Usasz	31,333	28,667	-	60,000	-	-	-
Mr Brian Rear	4,583	-	-	4,583	-	-	-
Total	462,583	78,667	60,000	601,250	-	-	-

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 4: KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

2010

Director	Short- term Benefits			Long- term benefit			
	Director's fee and salary \$	Super-annuation \$	Bonus \$	Total \$	Other \$	Share-based payment \$	Total \$
<i>Executive Director</i>							
Mr Howard V Renshaw	280,000	50,000	-	330,000	-	51,428	51,428
<i>Non – Executive Directors</i>							
Mr David E Usasz	25,500	24,000	-	49,500	-	43,516	43,516
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 Options held by Key Management Personnel

	Balance 30.06.10 No.	Options granted No.	Options Exercised/Expire d No.	Balance 30.06.11 No.	Vested and Exercisable No.	Unvested No.
Mr David E Usasz	3,500,000	-	(750,000)	2,750,000	2,750,000	-
Mr Howard V Renshaw	5,500,000	-	(2,250,000)	3,250,000	3,250,000	-
Mr Brian Rear	-	-	-	-	-	-
Mr Richard Hill	1,000,000	-	-	1,000,000	1,000,000	-
Total	10,000,000	-	(3,000,000)	7,000,000	7,000,000	-

e. Number of Shares held by Key Management Personnel

	Balance 30.06.10 No.	Acquired during the year No.	Disposed during the year No.	Balance 30.06.11 No.
Mr David E Usasz	950,000	550,000	-	1,500,000
Mr Howard V Renshaw	10,450,000	-	-	10,450,000
Mr Brian Rear	-	-	-	-
Mr Richard Hill	416,000	-	-	416,000
Total	11,816,000	550,000	-	12,366,000

Group

NOTE 5: AUDITORS' REMUNERATION

	2011 \$	2010 \$
Remuneration of the auditor: Auditing or reviewing the financial report	63,750	67,000

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 6: CASH and CASH EQUIVALENTS	2011	Group	2010
	\$		\$
Cash at bank and in hand	996,320		4,449,865

The effective interest rate on cash deposits at call was 4.75 % (2010: 4.50 %).

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 above

NOTE 7: TRADE AND OTHER RECEIVABLES

	2011	Group	2010
	\$		\$
CURRENT			
Accounts receivable	321,602		320,601
Other current receivables			
GST and fuel credit receivable	100,517		207,107
Pre-payments	545,104		545,000
Other receivables	55,768		301,353
	<u>701,389</u>		<u>1,053,460</u>
	<u>1,022,991</u>		<u>1,374,061</u>

Pre-payments consist of prepaid drilling work.

The ageing of accounts receivables are as follows:-

	Gross	Group	Provision
	\$		\$
Not past due	-		-
Past due 1 – 30 days	-		-
Past due 31 – 60 days	-		-
Past due 61 – 90 days	-		-
Past 90 days	321,602		-
	<u>321,602</u>		<u>-</u>

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.

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

(Continued)

NOTE 7: TRADE AND OTHER RECEIVABLES (Continued)

Other receivables

The other classes within trade and other receivables do not contain impaired assets and are not past due. 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, 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.

NOTE 8: INVENTORIES

	Group	
	2011	2010
	\$	\$
Inventories – copper stockpile	75,000	75,000

NOTE 9: PLANT AND EQUIPMENT

	Group	
	2011	2010
	\$	\$
Balance at the beginning of year	5,132,921	5,096,156
Additions	31,953	499,512
Depreciation	(469,374)	(462,747)
Disposals	(33,000)	-
Carrying amount at the end of year	4,662,500	5,132,921
At cost	7,591,529	7,592,576
Accumulated depreciation	(2,129,029)	(1,659,655)
Impairment	(800,000)	(800,000)
Total	4,662,500	5,132,921

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
(Continued)**

NOTE 10: MINING LICENCES AND EXPLORATION AND EVALUATION EXPENDITURE

	2011	Group	2010
	\$		\$
<i>Mining Licences</i>			
Opening balance	12,339,900		11,215,354
Acquired during the year	4,626,163		1,124,546
Closing balance	<u>16,966,063</u>		<u>12,339,900</u>
<i>Exploration and evaluation expenditure</i>			
Opening balance	9,672,151		7,667,721
Capitalised during the year	3,065,975		2,004,430
Closing balance	<u>12,738,126</u>		<u>9,672,151</u>

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.

	2011	Group	2010
	\$		\$
NOTE 11: TRADE AND OTHER PAYABLES			
Trade payables	207,916		223,437
Sundry payables and accrued expenses	265,046		431,983
Other advances	-		12,913
	<u>472,962</u>		<u>668,333</u>
<i>Risk Exposure</i>			

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

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 12: PARENT ENTITY

	2011	2010
	\$	\$
Financial information in relation to		
<i>Statement of Comprehensive income</i>		
Comprehensive income for the year	(3,986,181)	(4,216,876)
Income tax expense	-	-
Total comprehensive income for the year	<u>(3,986,181)</u>	<u>(4,216,876)</u>
<i>Accumulated losses</i>		
Accumulated losses at the beginning of the year	(18,867,440)	(14,650,564)
Comprehensive income for the year	(3,986,181)	(4,216,876)
Accumulated losses at the end of the year	<u>(22,853,621)</u>	<u>(18,867,440)</u>
<i>Statement of Financial Position</i>		
Current assets	2,094,308	5,847,398
Non current assets	34,499,197	27,282,081
Total assets	<u>36,593,505</u>	<u>33,129,479</u>
Current liabilities	457,033	1,632,844
Non current liabilities	-	-
Total liabilities	<u>457,033</u>	<u>1,632,844</u>
Net Assets	<u>36,136,472</u>	<u>31,496,635</u>
Share capital	56,294,902	47,712,444
Share option reserve	2,695,191	2,651,631
Accumulated losses	<u>(22,853,621)</u>	<u>(18,867,440)</u>
	<u>36,136,472</u>	<u>31,496,635</u>
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	<u>None</u>	<u>None</u>
Details of any contingent liabilities of the parent entity	<u>None</u>	<u>None</u>
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	<u>None</u>	<u>None</u>

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 12: PARENT ENTITY (Continued)

Subsidiaries

	Country of Incorporation	Percentage Owned	
		2011	2010
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
Maxiforde Pty Ltd	Australia	100	-

Maxiforde Pty Ltd

The acquisition of Maxiforde Pty Limited was part of the Group's acquisition of various exploration assets from Matrix Metals Limited. The exploration assets acquired including the shares in Maxiforde Pty Ltd did not meet the definition of a business and therefore have been treated as an asset acquisition in the Group financial statement.

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (Continued)

NOTE 13: FINANCIAL LIABILITIES

	Group	
a. Convertible Notes	2011	2010
	\$	\$
CURRENT		
Convertible note – at the beginning of the year	-	5,000,000
Payment – during the year	-	(4,000,000)
Converted into short- term unsecured loan (b)	-	(1,000,000)
<hr/>		
b. Unsecured Loan		
CURRENT		
Unsecured loan	-	1,000,000
	-	1,000,000

NOTE 14: ISSUED CAPITAL

	Group	
	2011	2010
	\$	\$
402,597,477 fully paid ordinary shares (2010: 316,632,589 fully paid ordinary shares)	56,294,905	47,712,444

Movement in share capital

For the financial year ended 30 June 2011

Date	Details	No. of shares	Value \$
01-Jul-10	Balance 1 July – Ordinary Shares	316,632,589	47,712,444
22-Jul-10	Settlement of assets from Matrix Metal Limited	25,000,000	2,500,000
29-Oct-10	Placement	22,494,888	1,844,581
31-Dec-11	Placement	38,470,000	4,566,836
	Less: Transaction costs arising on share issues	-	(328,956)
		402,597,477	56,294,905

For the financial year ended 30 June 2010

01-Jul-09	Balance 1 July – Ordinary Shares	196,305,422	31,693,879
28-Aug-09	Placement	2,375,000	190,000
15-Sep-09	Placement	36,199,667	5,074,700
13-Oct-09	Options exercised	1,250,000	125,000
16-Oct-09	Options exercised	180,000	45,000
26-Oct-09	Options exercised	425,000	106,250
16-Nov-09	Options exercised	50,000	12,500
25-Nov-09	Options exercised	300,000	75,000
07-Dec-09	Placement	10,800,000	1,620,000
09-Dec-09	Options exercised	8,147,500	1,799,375
23-Dec-09	Placement	600,000	150,000
18-Mar-10	Placement	60,000,000	8,100,000
	Less: Transaction costs arising on share issues	-	(1,279,260)
		316,632,589	47,712,444

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 14: ISSUED CAPITAL (Continued)

OPTIONS

	Group	
	2011	2010
	\$	\$
Balance at the beginning of the year	2,651,931	2,413,067
Options issued during the year	43,560	238,564
Balance at the end of the year	<u>2,695,191</u>	<u>2,651,631</u>

	Group	
	2011	2010
	No.	No.
Balance at the beginning of the year	70,161,112	62,613,096
Options expired during the year	(14,161,112)	(21,774,484)
Options granted during the year – pursuant to share based payments	990,000	-
Options granted during the year – pursuant to placements	40,596,589	39,675,000
Option exercised during the year	-	(10,352,500)
Balance at the end of the year	<u>97,586,589</u>	<u>70,161,112</u>

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

The value of the option granted was determined with reference to the quoted market price of comparable listed options on the date of issue.

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 15: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Loss to Ordinary Activities after Income Tax

	Group	
	2011	2010
	\$	\$
Loss from continuing operations after income tax	(4,013,548)	(4,228,968)
<i>Non-cash flows in profit from ordinary activities</i>		
Depreciation	469,375	462,747
Share based payment - shares issued	121,750	142,500
Share based payment - options issued	8,360	238,563
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(251,262)	326,096
Increase in trade and other payables	(195,419)	171,820
Cash outflow from operations	(3,358,220)	(2,887,242)

NOTE: 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.

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.

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.

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE: 16 FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as discloses in the statement of financial performance 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 2011 is detailed below:

	2011	Group 2010
Receivables	377,370	301,353
Total	<u>377,370</u>	<u>301,353</u>

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 financial liabilities:

	2011	Group 2010
Within six months	472,964	1,655,420
6 – 12 months	-	-
Between 1 and 2 years	-	-
	<u>472,964</u>	<u>1,655,420</u>
Total contractual cash flows	<u>472,964</u>	<u>1,655,420</u>
Carrying amount of liabilities	<u>472,964</u>	<u>1,655,420</u>
Non - interest bearing	472,964	655,420
Fixed interest rate	-	1,000,000
Variable interest rate	-	-
	<u>472,964</u>	<u>1,655,420</u>

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE: 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.

NOTE: 17 RELATED PARTY TRANSACTIONS

	2011	Group	2010
	\$		\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.			
During the year, the Group used the services of Butmall Pty Ltd for the provision of accounting, administration, secretarial and corporate staff for the company head office and administration services at commercial rates pursuant to the Service Contract. Mr Howard Renshaw was a director of Butmall Pty Ltd during the whole of the year.	116,400		211,727
This amount consists of amounts paid to Butmall Pty Ltd for bonuses in relation to management services of Howard Renshaw for the years ended 30 June 2009 and 30 June 2010 as approved by the Remuneration Committee.	-		126,000
During the year, the Group used the services of DFK Richard Hill Pty Ltd for the provision of corporate advisory, taxation and accounting services at commercial rates. Mr Richard Hill was a director of DFK Richard Hill Pty Ltd during the financial year.			
<ul style="list-style-type: none"> • Preparation of financial statements for half year review and annual suitable for audit, assistance with preparation of Annual Report. • Corporate advisory fees in relation to fund raising, and underwritings. • Assistance with acquisition, documentation, due diligence relating to the acquisition of the White Range Project from Matrix Metals Ltd (in liquidation) including the issue of an additional Prospectus 	102,000		98,000
			58,751
	65,250		101,342
	149,750		-
Payment to Morbride Pty Ltd for corporate fee at a commercial rate. David Usasz is a director of the company.	20,000		30,000
Given the increased needs of the company, the Board has recently recruited in house resources covering its corporate and legal requirements and significant reductions will occur in outsourced services in the future			

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 18 EXPLORATION EXPENDITURE COMMITMENTS

	Group	
	2011	2010
	\$	\$
Due within one year	1,173,454	152,118
Due within 1 – 2 years	881,212	350,000
Due within 2 – 5 years	669,944	-
Due more than 5 years	90,600	-

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.

NOTE 19 EARNINGS PER SHARE

	Group	
	2011	2010
	cents	cents
Basic / Diluted loss per share	1.07	1.70

	Group	
	2011	2010
	\$	\$
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	4,013,548	4,228,968
Loss attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	4,013,548	4,228,968

	Group	
	2011	2010
	No.	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	374,308,815	249,313,492
Adjustments for calculation of diluted earnings per share	-	-
	<u>374,308,815</u>	<u>249,313,492</u>

Options are considered potential ordinary shares for the purposes of diluted earnings per share. However, at 30 June 2011 and 30 June 2010, 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.

Queensland Mining Corporation Ltd A.B.N. 61 109 962 469 and its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

NOTE 20 SEGMENT NOTE

The Group has identified its operating segment based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segment is identified by Management as an area of interest, discrete financial information about this operating segment is reported to the executive management team on at least a monthly basis.

Management has identified the Cloncurry region of Queensland as the Group's operating segment, as all exploration licences issued to the Group lie within this area of interest the Group has one operating segment.

NOTE 21 EVENTS AFTER REPORTING DATE

In July 2011, the Company secured a \$3 million loan from Tulla Resources Group Pty Ltd. The loan is unsecured and will provide funds for working capital, the drilling program and updating the bankable feasibility study for the White Range project. Interest is charged on this loan at 10% p.a. and is repayable in October 2012.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

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

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

On behalf of the directors



Chairman
30 September 2011
Sydney NSW



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Queensland Mining Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Queensland Mining Corporation Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of Queensland Mining Corporation Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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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Opinion

In our opinion:

- (a) the financial report of Queensland Mining Corporation Limited and the consolidated entity 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 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

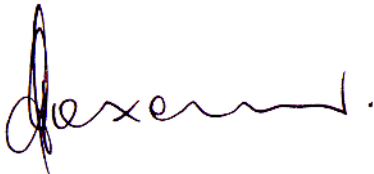
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Queensland Mining Corporation Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.



PKF



Grant Saxon
Partner

Sydney
30 September 2011

CORPORATE DIRECTORY

DIRECTORS

Mr David Usasz (Chairman, appointed 15 June 2007)
Mr Howard Renshaw (Managing Director)
Mr Richard Hill (Executive Director, appointed 1 October 2009)
Mr Brian Rear (Non-Executive Director, appointed 19 May 2011)

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.queenslandminingcorporation.com.au

HEAD OFFICE

Level 24 Royal Exchange
56 Pitt Street
Sydney NSW 2000

REGIONAL OFFICE

88 Seymour Street
Cloncurry QLD 4824

SHARE REGISTRY

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

AUDITORS

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