



ASX Release

31 January 2011

December 2010 Quarterly Report

Highlights

Exploration

The Company made some very substantial progress during the period. Drilling was completed on three of its properties and geophysical surveys were carried out on a further two properties. Drilling success was notable at:

Young Australian – copper project (100% QMC)

22 out of 23 holes completed encountered very significant intersections of copper, silver and cobalt mineralisation. Significant results included:

- 40m @ 2.31% Cu from 58m, including
8m @ 5.09% Cu and 8.85g/t Ag from 68m, plus
1m @ 20.5% Cu, 36.7g/t Ag and 518 ppm Co from 86m in YA10RC01
- 13m @ 2.35% Cu from 8m, including
8m @ 3.58% Cu from 10m
28m @ 1.08% Cu from 76m, and
6m @ 1231ppm Co from 99m in YA10RC06,
- The mineralisation remains open at depth and along strike.

Black Fort – highly prospective copper target (QMC earning 70%)

Five RC holes completed, with four of the five holes returning potentially ore-grade intercepts of copper, cobalt and silver. Significant results included:

- 17m @ 1.08% Cu, 693ppm Co and 1.82g/t Ag from near surface, and
17m @ 1.51% Cu, 474ppm Co and 7.22g/t Ag from 78m in BF10RC01

Corporate

QMC is currently in a number of negotiations in relation to the development and production of their Cloncurry south copper projects. The two main project areas are White Range and in the Sellwyn - Sellwyn north areas.

Discussions revolve around joint ventures for mining and ore treatment and third party ore processing. Negotiations have been progressed to an advanced stage and the Company is confident that they may be formalised into Heads of Agreement within the next few months.

Net Cash and receivables as at 31 December 2010 \$3.5 million.

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Corporate Strategy

1. Copper

The corporate focus is: the financing and development of the White Range Copper Project. The project has a 2005 BFS based upon a resource of 105,000 tonnes of copper at an average grade of 1.1% to produce 15,000 tonnes of copper cathode through an SX-EW operation over a 7 year period which was based upon a copper price of US \$3,160/t.

The BFS 2005 was completed by Matrix Metals Ltd to bankable status (and covered *inter alia* the following aspects of the project – please refer to Appendix 1 – Feasibility Study, Summary List of Major Reports Supporting the BFS) and concluded that the project is economic based on prevailing copper prices (January 2005) of approximately US\$ 3,160/t. The project production rate was designed at 15,000 tpa of Grade A LME copper cathode, from 1.5Mt of ore placed on the leach pads each year, with an initial project life of seven years. Subsequent exploration success at the project area has confirmed the potential for significant life extensions. QMC believes that the life extension has now more than doubled.

This is further confirmed and supported by the recently released Young Australian drilling results and the Company is anticipating JORC Resources to be announced shortly. The Young Australian lies approximately 12km by road southwest of the Hampden Copper mine at Kuridala and along with other QMC mines within the area, supported by further drilling, for example, the results recently released at Black Fort will enhance the resources and support production within the White Range area and / or at third party processing plants.

- **Infrastructure Development within the Cloncurry region**

CopperChem Pty Ltd, situated at Cloncurry and who own the Great Australian copper mine, have recently expanded their copper oxide processing plant and facilities and, further, have constructed a new copper sulphide plant with supporting infrastructure and processing facilities that has a capacity of 800,000 – 1m tonnes per annum of copper ore throughput.

Ivanhoe Australia Ltd have recently purchased the Osborne mine and sulphide concentrator processing facilities and have announced expansion and development of the facility to process their molly and rhenium discovery ore located to the north near Mt Dore and have announced the construction of a haul road from Osborne past Ivanhoe's Victoria mine which adjoins QMC's newly acquired Stuart mine (resources announced) to Mt Dore and connecting to the main Selwyn Road to Kuridala thence Malbon and the bitumen road to Cloncurry which is being upgraded as well.

The Ernest Henry mine owned by Xstrata Ltd is 40km by bitumen north east of Cloncurry and has a copper sulphide concentrator with a capacity to treat up to 11m tonnes per annum of copper ore throughput. This may allow opportunities in the near future for joint ventures in relation to mining and processing of third party ore and / or treatment of third party ore.

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The water pipeline has been completed from Ernest Henry mine (40km north of Cloncurry from Lake Julius) to Cloncurry which has enabled far more security of water supply to the town of Cloncurry as well as mining projects within the area.

The high voltage power lines and sub-stations are being evaluated to upgrade the supply of electricity to Cloncurry and mines within the region. This supply of electricity can be drawn from the Mica Creek power station (powered by gas) just south of Mt Isa and / or a new transmission line from Townsville to Cloncurry is being evaluated (also powered by natural gas).

Ivanhoe's Osborne mine is powered by gas by way of pipeline from the Phosphate Hill Project. This gas is sourced from the main gas pipeline from the Moomba gas field in north eastern South Australia and as well supplies gas to the Mica Creek power station, Mt Isa.

Consideration of Gas for Processing Facilities within the Selwyn and north Selwyn area is an alternative to electricity delivered through power lines and diesel generators.

2. Gold

The Mt Freda gold mine as well as the Gilded Rose gold mine, supported by other QMC ML's and EPM's within the area, and the Duck Creek- White Range identified gold tenements, will support the development and production of these previously operating gold mines.

Refer to location and infrastructure Map 1 on page 4.

- **Summary of Corporate Strategy**

QMC intends to develop the Mt Freda gold project by way of joint venture and / or separately creating a new company through IPO listing or through a listed vehicle.

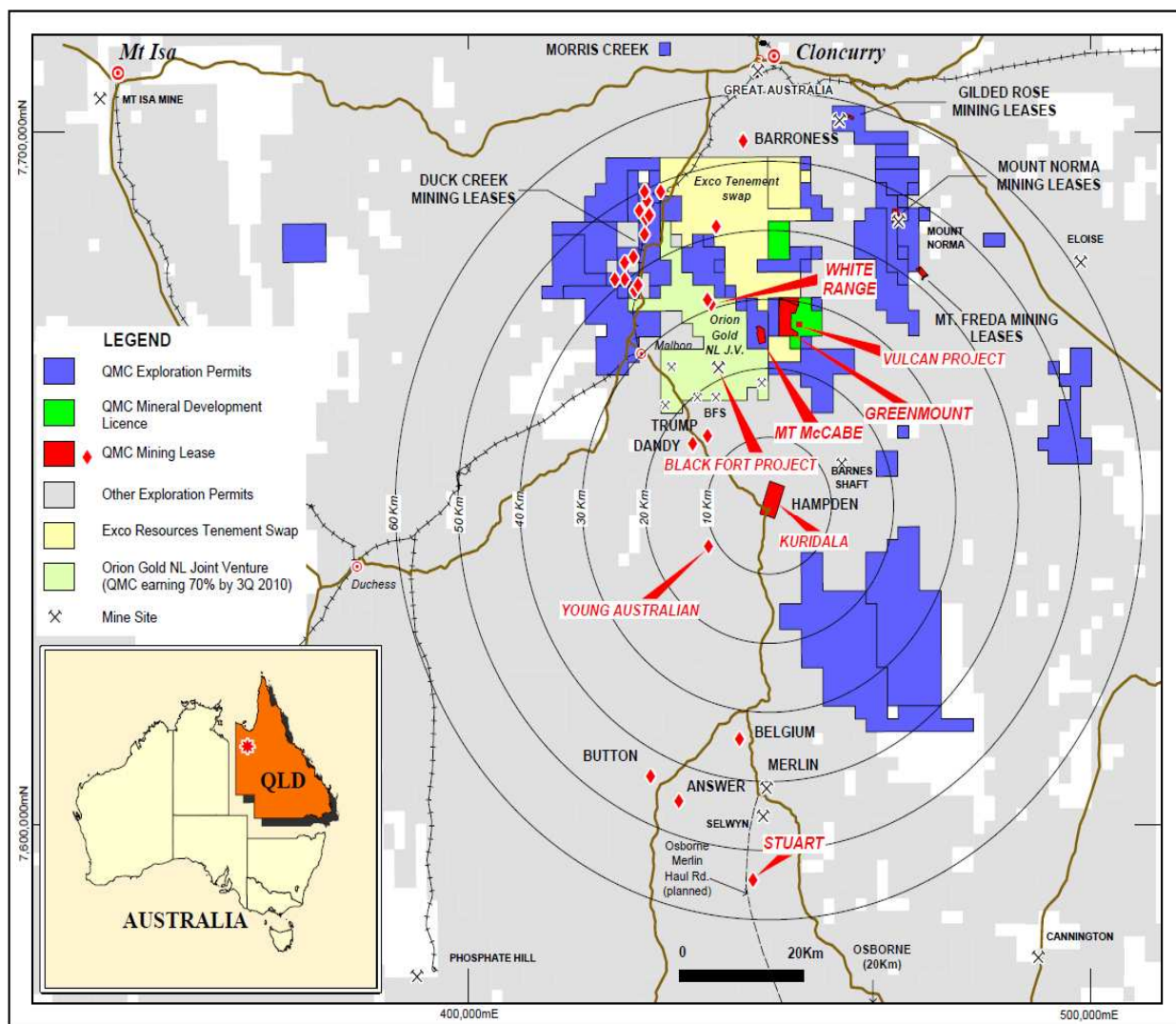
QMC will focus immediately on development and production of its copper projects and resources by way of joint ventures and / or third party toll treatment of copper ores from QMC's various mines.

The strategy of QMC is to mine properties which contain substantial JORC resources and, in some cases, have already been mine engineered and for which certain approvals have been obtained in the past for mining activities. QMC, where possible, wishes to engage with other mining companies in their strategic development so as not to duplicate infrastructure and processing facilities but to enter into joint venture and infrastructure sharing arrangements.

QMC's resource strategy is to continue drilling on its mining leases and EPM's to add substantial resources to its already significant resource base. Within the next 2 years, QMC's aim is to achieve a resource inventory of 500,000 tonnes of JORC copper metal at around 1% Cu and / or supported by economic equivalents of Cobalt, Gold and Silver credits.

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QMC, through continuous drilling of its gold mining leases and tenements, is targeting up to 500,000 ounces of gold at a grade of ± 2 grams per tonne. Some of this JORC gold resource may come as credits with their JORC copper inventory.



Map 1: This is a map of QMC's mines and EPM's showing roads, rail, relevant plant locations and infrastructure.



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Business Plan and Development

Activities for March Quarter 2011

QMC is currently in a number of negotiations in relation to the development and production of their Cloncurry south copper projects. The two main project areas are White Range (Greenmount, Mt McCabe, Vulcan, Mt McNamara, Hampden mining leases) and the second areas Selwyn - Selwyn north (Stuart, Belgium, Answer, Young Australian – East Drift, Kuridala mining leases).

These discussions revolve around joint ventures for mining and ore treatment and third party ore processing, the establishment of stand alone ore processing facilities as well as exploration to be carried out on mining leases and EPM's. The various negotiations have been progressed to an advanced stage and QMC is hopeful that they may be formalised into Heads of Agreement within the next few months.

QMC will address the BFS in relation to copper processing, capital and infrastructure requirements, capital costs, environmental, permitting, plan of operations that will have to be upgraded and relodged with the respective Queensland government departments.

In the gold projects, the Mt Freda gold project area, QMC is expecting a JORC resource to be established at Mt Freda and as well the resource engineers are seeking to establish a JORC resource for Gilded Rose (up to 5,000metres of drilling is planned and may be required before establishing JORC resources). At both sites, the mine engineers are looking at two aspects – mine and design for extraction of ore and further drilling that will be required to increase the JORC resource base.

QMC at the same time is progressing documents in relation to joint venturing and / or IPO in relation to its gold resources and gold operations which includes important plant and infrastructure with a view to develop production from these mines as soon as possible. The gold price has risen again over the last quarter, as an example, 2 grams of gold (gross) is worth A\$85- A\$90 per tonne of ore which nearly equals 1% copper (gross) and which is currently around A\$94 –A\$95 per tonne of ore at an exchange rate of A\$0.99 to US\$1.

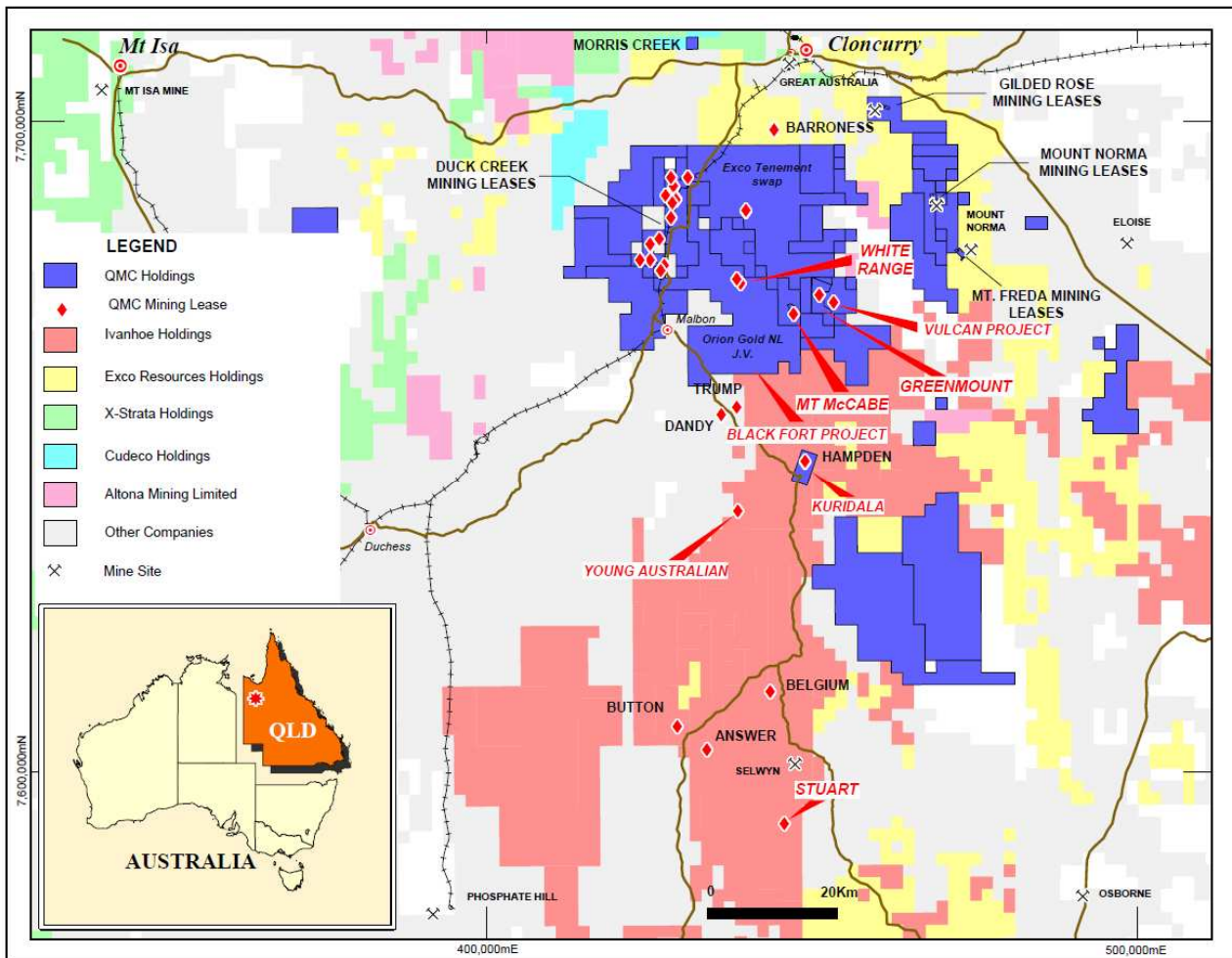
QMC is planning further drilling subject to joint venture arrangements in EPM's and on its mining leases to add resources and assist in its mine development. Up to 30,000 metres of RC and diamond drilling is initially planned in the next two quarters. The first phase of drilling of 8,000 metres - 10,000 metres is to start as soon as possible, subject to seasonal conditions targeting the Young Australian, the Answer Mine (both Sellwyn district) Duck Creek and Gilded Rose.

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Exploration Strategy and Development

QMC is in discussion with a few companies to carry out important and required exploration on its EPM's. QMC has some 80 drill ready targets south of Cloncurry mainly in the White Range project area recently acquired from Matrix Metals Ltd. Extensive geological, geochemistry, geophysical and geotechnical work has already been carried out to establish these drill targets. The targets are copper, copper/gold, gold and molly/copper/gold and are within the region supporting the mining leases held by QMC and the JORC resources contained within White Range. This exploration strategy will assist QMC in targeting 500,000 tonnes of copper and 500,000 ounces of gold within the next 2 years.

During the past 14 months, QMC has completed approximately 24,000 metres of RC and diamond drilling predominantly on its gold and copper mining leases which was most successful and will provide JORC resources currently being resource engineered which will add to QMC's total JORC resources. We will continue to focus on building our resource inventory, especially on mining leases and have already planned up to 30,000 metres of drilling with the first 8,000 metres -10,000 metres planned to be carried out by the end of the second quarter of 2011.



Map 2: Location of QMC's mining leases south of Cloncurry

Queensland Mining Corporation Limited
 Suite 2, Level 24
 56 Pitt Street SYDNEY
 NSW 2000 AUSTRALIA

Mail address:
 GPO Box 4876
 SYDNEY
 NSW 2001 AUSTRALIA

Telephone: 61 2 9251 6730
 Facsimile: 61 2 9251 6326
 Email: admin@qmcl.com.au
 Web: www.qmcl.com.au



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Exploration Activities Report

Exploration activities for the quarter ending 31 December 2010 are summarised below. Please refer to Maps 2 and 3 above for the location of QMC's ML's and EPM's.

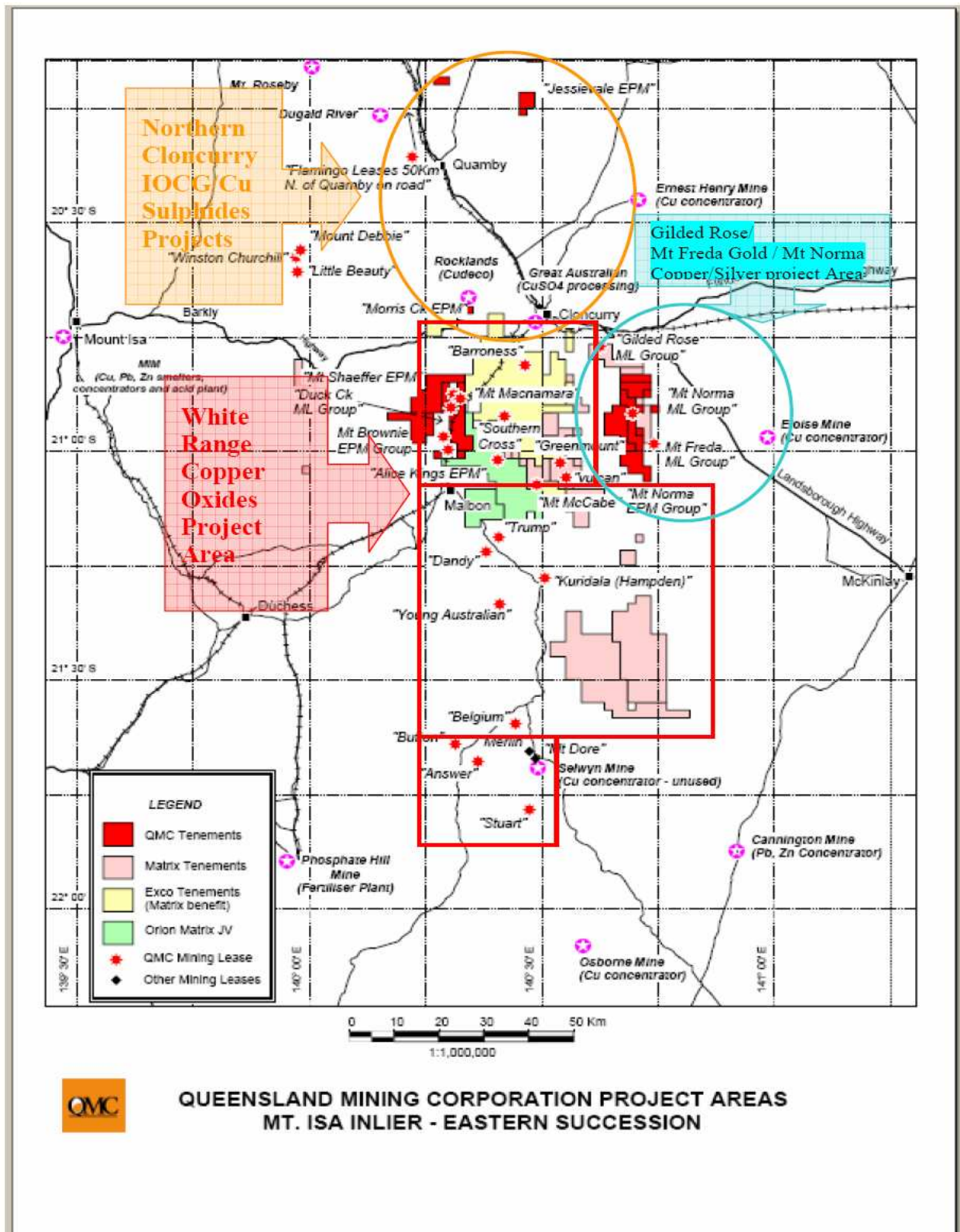
- **Young Australian Copper Project (QMC 100%)**

Assay results from the 23 RC hole program (2,613m) completed in September 2010 were received during the quarter. Three out of the twenty-three holes (Holes YA10RC12, YA10RC13 and YA10RC23) were drilled into the Eastdrift lease whereas the rest 20 holes were drilled into the Young Australian leases located about 300m in the southwest. Very significant intersections of copper, silver and cobalt mineralisation were returned from 22 out of 23 holes completed, representing an overall strike rate of 96%. Highlights from the program are shown in Table 1.

Hole No	Depth - from (m)	Intercept Length (m)	Grade		
			% Cu	g/t Ag	ppm Co
YA10RC01	58	40	2.31		
<i>incl</i>	68	8	5.09	8.85	
<i>and</i>	86	1	20.5	36.7	518
YA10RC02	15	13	2.15	2.09	
YA10RC04	74	21	1.86	2.87	
YA10RC06	8	13	2.35		
<i>incl</i>	10	8	3.58		
<i>and</i>	76	28	1.08		
<i>and</i>	99	6			1231
YA10RC07	14	13	1.66		
<i>and</i>	82	26	0.84		
YA10RC10	23	18	1.41	2.33	
YA10RC16	37	24	1.09	2.41	
YA10RC18	18	13	1.46	3.65	
<i>and</i>	97	19	1.48	6.67	
<i>incl</i>		6	3.66	15.82	252
YA10RC12	51	36	1.11		
<i>incl</i>	64	6	2.03	1.32	
YA10RC13	93	43	0.86	1.33	
<i>incl</i>	102	6	1.85	1.57	
<i>and</i>	129	1	4.76	15	
YA10RC23	121	51	0.8	1.48	
<i>incl</i>	129	14	1.38	1.76	112

Table 1 – Showing significant drill assay results for Cu, Ag and Co at Young Australian and Eastdrift leases

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Map 3: showing QMC's Project Areas White Range, Mt Norma, Selwyn and Selwyn North and Cloncurry North.

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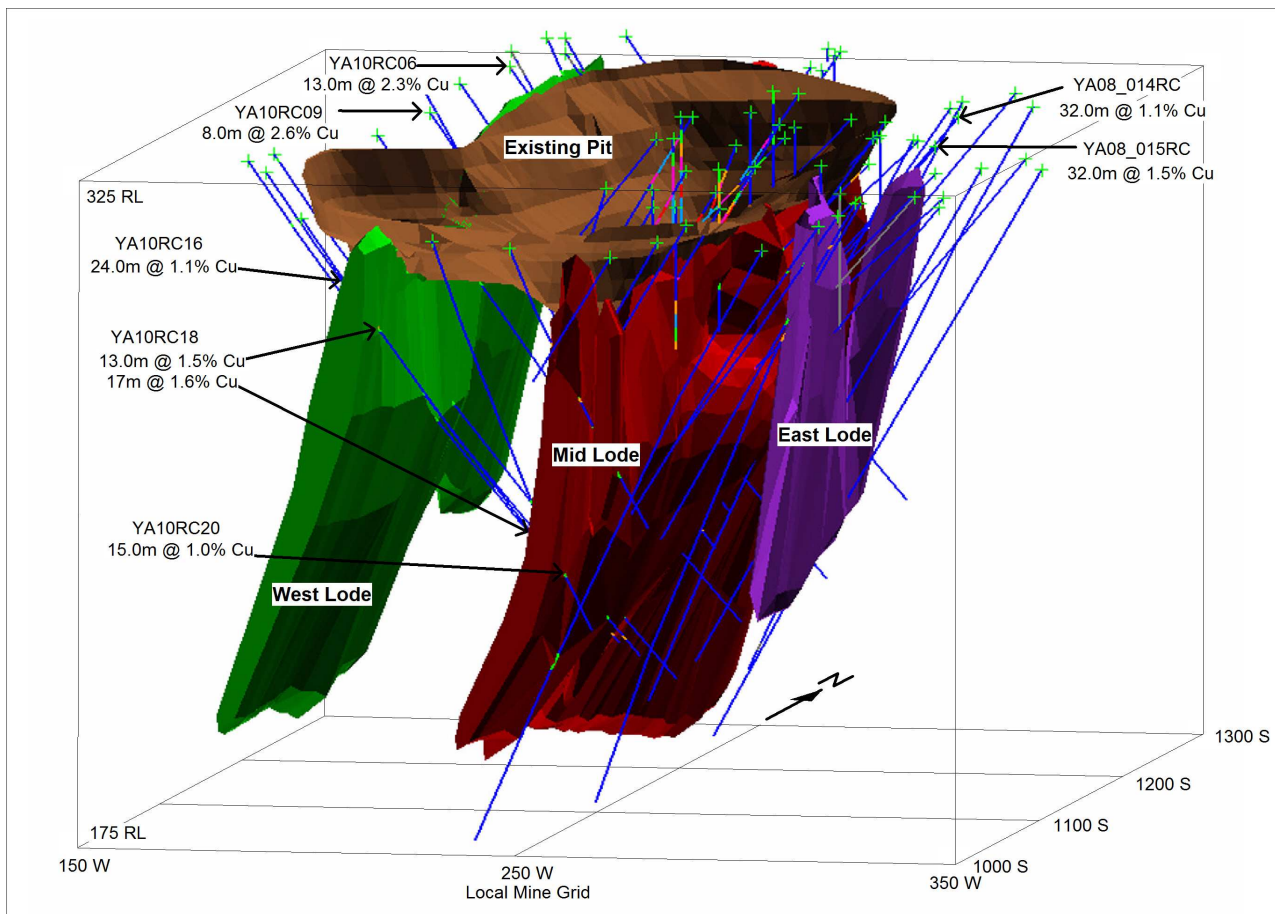


Figure 1 - Oblique Long- Section (looking north-west) through Young Australian Open Pit showing RC drillhole pierce points and newly defined extensions to the high-grade copper zones in the deposit.

Resource modelling is underway and a maiden JORC-compliant resource estimate will be released once it becomes available. First pass metallurgical testing work is being organised. Mineralised zones are open along strike and at depth and follow-up drilling of up to 5,000m has been planned with the aim of upgrading resource classifications and increasing the resource base.

The drilling is to define the south western extensions of the western Lode and the mid Lode and the northern extensions of the eastern Lode all of which appear open ended. Drilling is planned at depth on the mid Lode, along strike and to provide diamond drill core samples for metallurgical test work and geotechnical analysis.

This drilling is to commence as soon as possible, subject to the wet season.



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Black Fort Copper Project – IOCG target (QMC earning up to 70%)

Five RC holes for a total of 1,167m were completed in Black Fort during the quarter. The drilling program was designed to follow up the encouraging historical drill results and test recently defined geophysical and geochemical targets. Assay results returned very significant intercepts and are summarised in Table 2:

Hole No	Depth - from (m)	Intercept Length (m)	Grade		
			% Cu	g/t Ag	ppm Co
BF10RC01	near surface	17	1.08	1.82	693
<i>and</i>	78	17	1.51	7.22	474
BF10RC02	128	27	0.51		505
<i>incl</i>	136	7	1.14		967
<i>and</i>	163	57	0.69	4.26	288
<i>incl</i>	207	12	2.48		703
BF10RC04	180	18	0.38	1.75	1034
<i>and</i>	204	7	1.18	1.22	459

Table 2 – Showing significant drill assay results for Cu, Ag and Co at Black Fort copper project

Reports were released to the ASX on 12 October 2010.

Full results of the drilling were reported to the ASX on 21 December 2010.

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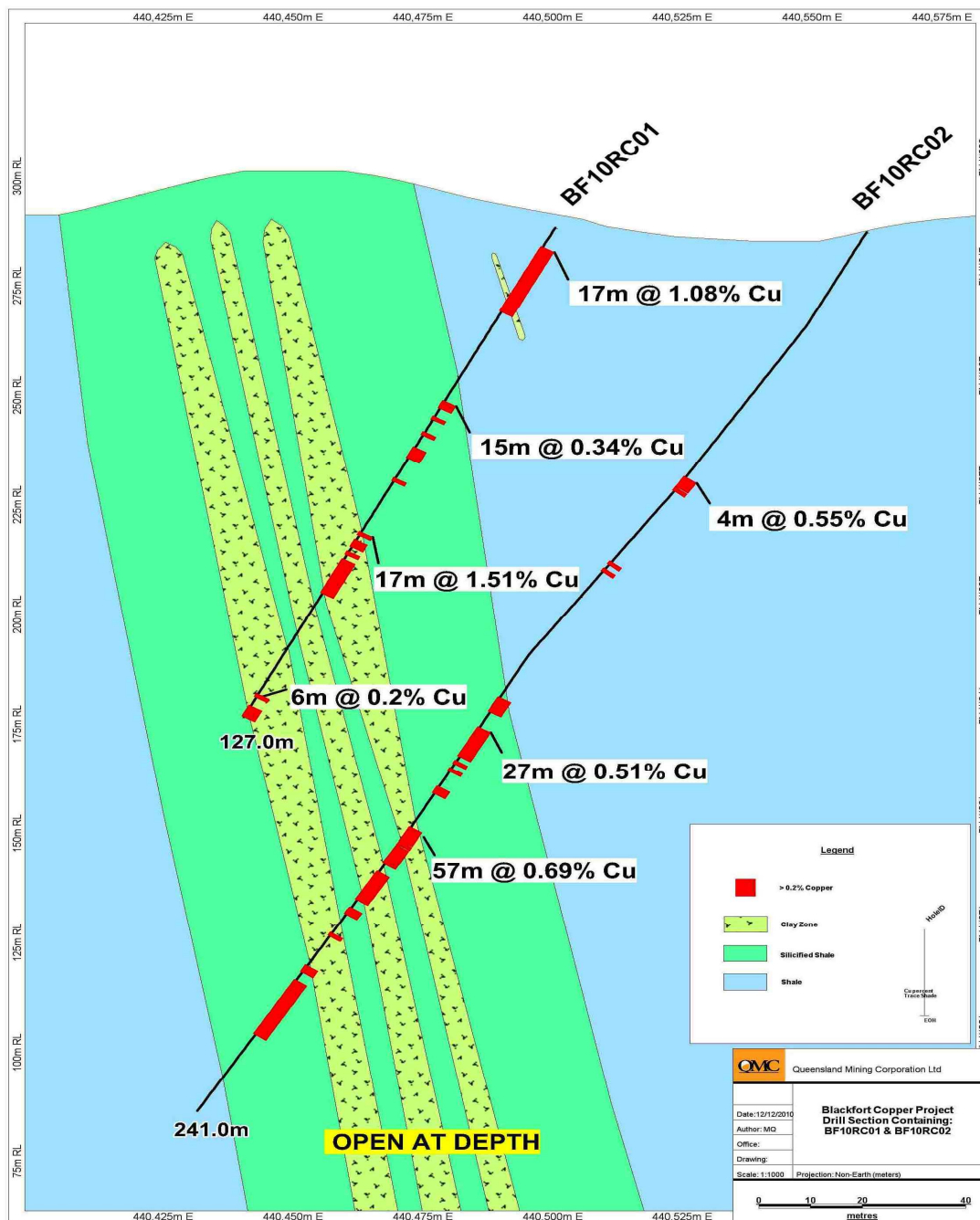


Figure 2 - Cross section through BF10RC01 & BF10RC02

The Company is very excited about these initial drill results and believes the Black Fort area has a great potential to host an economic IOCG (iron oxide copper-gold) deposit. Follow-up RC and diamond drilling have been planned and is due to start in the 2011 field season.

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The Black Fort project area consists of 4 potential IOCG targets, namely, Black Fort, Black Fort South, Just There and South Black Fort up to 5,000 metres RC and diamond drilling planned.

Gilded Rose Gold Project (QMC 100%)

As follow-up to the very successful first phase drilling program that intersected 19m @ 5.53g/t Au including 4m @ 20.68g/t Au from 52m depth, 3 step-out RC holes totaling 620m were drilled during the quarter. These holes were positioned to test the continuity of the mineralisation at depth. Despite the absence of significant gold mineralisation zones at the projected depth, the drilling confirmed the down dip extension of shear zones and alteration for another 200m. In addition, numerous samples (1m composite) returned significant grade gold within the target zone, including 0.75g/t Au from 111m in Hole GR10RC22, 1.51g/t Au from 110m and 0.48g/t Au from 125m in Hole GR10RC23, and 2m @ 0.39g/t Au from 236m in Hole GR10RC24. Please refer to Figs 3 and 4.

The Gilded Rose project has been ranked as a high priority for QMC to advance in 2011. Resource modeling and preliminary metallurgical tests have been organised. Field programs consisting of ground geophysics and RC/diamond drilling of up to 5,000 meters has been planned for the first and second quarter of 2011.



Fig 3 Gilded Ross Historical X-section 3 from 2010 drilling

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Fig 4 Gilded Ross Historical X-section 6 from 2010 drilling

Jessievale Copper Project (QMC 100%)

Two diamond holes totaling 922m were completed towards the end of the quarter. The drilling aimed to search for IOCG (iron oxide copper gold) deposits characterised by Xstrata's Ernest Henry copper mine (168Mt @ 1.1% Cu and 0.55g/t Au) located only 30km southeast of Jessievale. The first hole (JV10DD01) was drilled to 498.5m to test a coincident conductivity, magnetic and gravity anomaly located the central north of the tenement whilst the second hole (JV10DD02) was drilled to 423.5m to test broad conductive features associated with gravity high in the southeast of the tenement. Both holes failed to identify ore grade copper-gold mineralisation. However, extensive red rock (dominated by hematite stained feldspar) alteration zones were observed in both holes and overall depleted copper values were revealed by the assays. QMC concludes that the tenement is therefore still prospective for IOCG mineralisation as the copper leached out during alteration must have precipitated somewhere else, presumably along fault zones developed within the granite or the Corella Formation metamorphic rocks.



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The drill program was cut short due to the onset of wet season in the project area. This resulted in 2 out of 4 previously defined targets left untested. In addition, both NW and NE trending magnetic lineaments and particularly their intersections are justified for further geochemical investigations. Aircore and RC drilling up to 2,000 metres have been planned to identify geochemical anomalous areas under the Cainozoic cover (up to 30m thick) and subsequent drill testing for copper-gold mineralisation.

Morris Creek Copper Project (QMC 100%)

During the last quarter QMC conducted LandTEM geophysical and soil geochemical surveys over the one sub-block tenement which is immediately adjacent to Cudoco's Rocklands copper discovery in the north. Compilation and review of the recently acquired data have highlighted two areas with elevated copper geochemistry and moderate conductivity. Interestingly, these two target areas are located in the northeast and central west of the EPM and are not covered by previous RC and diamond drilling.

Given the recent exploration successes made by GBM Resources and Cudoco in the same area, QMC has planned a further 2,500metres RC and core drilling to test the new targets and follow up the encouraging intersections reported by the Company's 2009 drilling campaign.

Refer to Fig 5 page 15 for EPM15706 Morris Ck identified target areas

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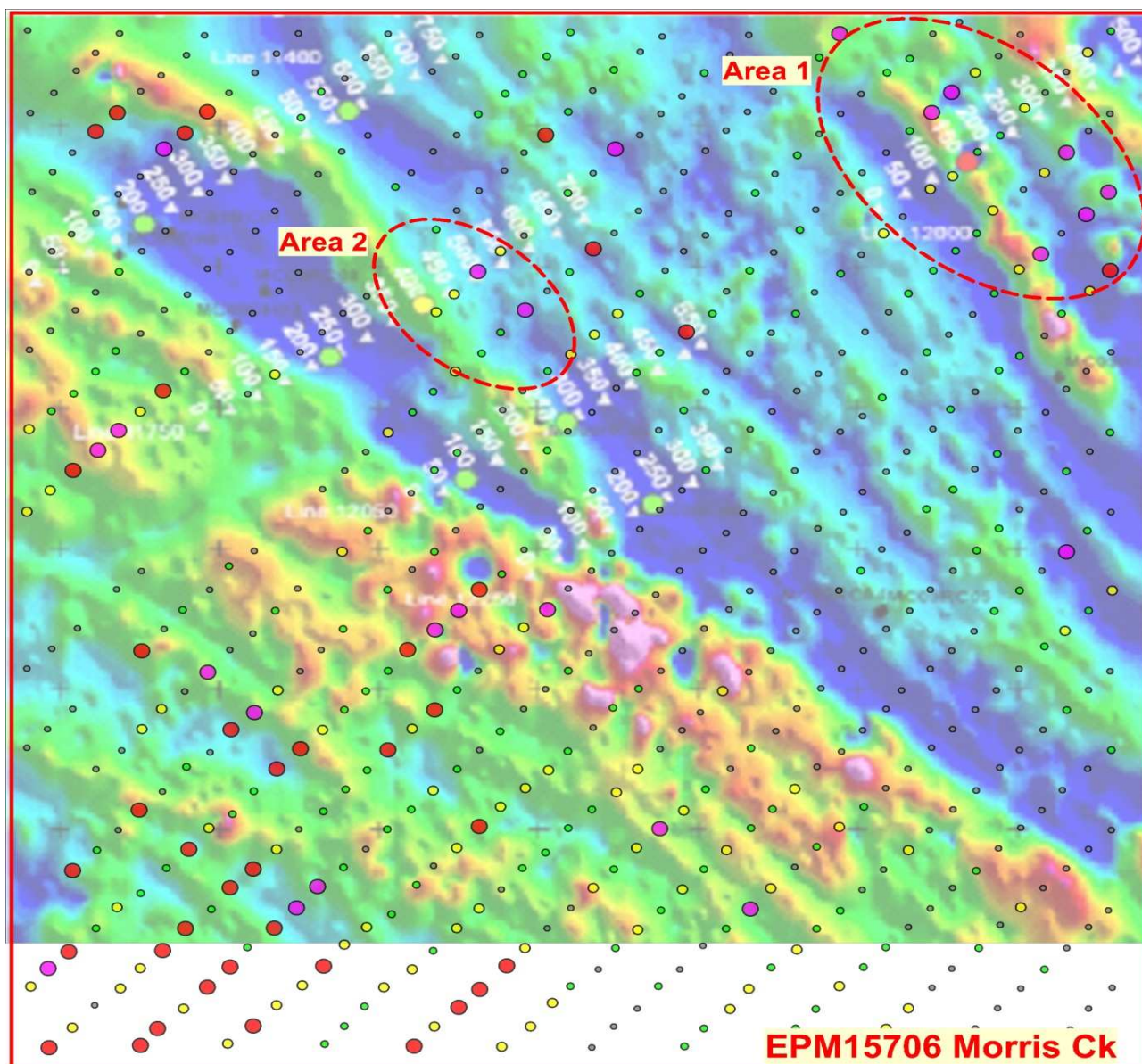


Figure 5 EPM15706 Morris Ck identified target areas (Background: soil sampling, SAM survey and LandTEM profiles)

Mt Freda Gold Project (QMC 100%)

Following the successful completion of the 16 RC hole program which returned the best intersection of 16m @ 2.0 g/t including 5m @ 4.5 g/t Au from 151m in Hole MF10RC09, Hellman & Schofield has been engaged to estimate JORC-compliant resources by incorporating all the available drilling intersections. Metallurgical testing work is also underway and follow-up infill and step out drilling have been planned to further increase the resource base.

QMC is awaiting JORC resource statement.



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Flamingo Copper Project (QMC 100%)

Hellman & Schofield are resource modeling and evaluating the potential mining scenarios. The Company's geological team is currently revising the geological model which will guide the design of the subsequent drilling program to target the mineralized zones in the project area. QMC is progressing the expanded mining leases with the mines department and, once approved, will enable further drilling to be carried out along the structure.

Corporate Finance

During the quarter QMC reported on 1 November 2010 raising \$1,844,581 at 8.2 cents per share by way of private placement.

On 31 December 2010, QMC reported the following:

1. A capital raising of \$1,125,000 at 12.5 cents per share to Tulla Resource Group Pty Ltd;
2. A capital raising of \$1,410,000 at 15 cents per share by way of placement;
3. QMC repaid a loan to Tulla Resources Group Pty Ltd of \$1,000,000. Tulla agreed to reinvest the \$1,000,000 by way of placement at 12.5 cents per share;
4. Tulla Resources Group and an associated company, Marley Holdings Pty Ltd, (both controlled by Mr Kevin Maloney and family) now hold 26,183,933 shares and are the major shareholders of QMC. Mr Maloney was a former director and a substantial shareholder of QMC and with the above investments increased the group's shareholding substantially to be now the major shareholders of QMC.

On 16 December 2010, QMC completed its contractual asset purchase agreement with Matrix Metals Ltd administrator for the Cloncurry South Project (White Range). Matrix Metals Ltd do not hold any shares in QMC as at 31 December 2010 and final cash adjustments pursuant to the asset purchase agreement should result in QMC receiving around \$509,000 during the current quarter.

QMC, as at 31 December 2010, had a cash and receivable position of approximately \$3,500,000 and no debt.



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What's Ahead

QMC is awaiting JORC resource statements in relation to the Young Australian copper Project and Mt Freda gold mine and will release a revised total JORC resources in the near future.

QMC has planned up to 10,000 metres of drilling to commence in the near future subject to the wet season. Drill rigs are being sourced now to commence as soon as possible at the Young Australian, the Answer copper mine and Duck Creek copper gold mines. Further drilling has been planned as soon as possible for the Gilded Rose gold mine.

The JORC resources position as announced to the ASX on 20 September 2010 and 29 September 2010 is 33.9 million tonnes at 0.99% copper equivalence at a 0.2% cut off with the exception of the Flamingo which was at 1% cut off which reported 117,000 tonnes at 6% Cu and, 1.8g/tau. The aggregate contained metal was 244,000 tonnes of copper, 23,000,000 pounds of cobalt and 202,000 ounces of gold.

For further details please contact:

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Guojian Xu, a Member of Australasian Institute of Mining and Metallurgy and a Fellow of the Society of Economic Geologists. Dr Guojian Xu is a consultant to Queensland Mining Corporation Limited through Redrock Exploration Services Pty Ltd. Dr Xu has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Dr Xu consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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APPENDIX 1

Feasibility Study, Summary List of Major Reports Supporting the BFS

Feasibility study

The feasibility study was completed to bankable status and covered *inter alia* the following aspects of the project:

- ▶ Final sign off of JORC compliant resources
- ▶ Completion of metallurgical studies including leach test work programs
- ▶ Completion of a range of pit optimisation studies and mine designs to allow final sign off of JORC compliant reserves
- ▶ Completion of preliminary waste dump designs
- ▶ Receipt of mining costs from a number of mining contractors
- ▶ Receipt of crushing, agglomerating and stacking cost
- ▶ Receipt and execution of a contract offer for a grid power supply
- ▶ Receipt and execution of a contract offer for access to the power transmission line
- ▶ Receipt of contract offers for the supply of sulphuric acid
- ▶ Development and works approval granted for water extraction at Kuridala
- ▶ Completion of first stage engineering designs
- ▶ Continuation of second stage detailed engineering design
- ▶ Estimation of leach performance and acid consumption
- ▶ Preliminary design of the grid power line and completion of the design of the power line route from Cloncurry
- ▶ Design of the Project main access route
- ▶ Design of the various Project haul roads
- ▶ Estimation of the Project operating costs to bankable level
- ▶ Estimation of the Project capital costs to bankable level
- ▶ Commencement of an amendment to the Environmental Authority to address the approval requirements of the power line and licences for an amended water supply dam design
- ▶ Commencement of the process of “on the ground” site clearances with native title claimants in accordance with the provisions of the executed Native Title Agreements
- ▶ Receipt of designs and commercial proposals for the construction and operation of the Project village
- ▶ Design of the proposed water supply dam to optimise the capital costs and to optimise the security of the Project water supply
- ▶ Execution of various landholder compensation agreements within the Project area.

Environmental considerations

The Project has an accepted Environmental Management Overview Strategy (EMOS), last submitted in November 2004. The project has a Non-standard Environmental Authority under the provisions of the Environmental Protection Act, 1994.

The project is relatively isolated and is located in a rural area where the surrounding land use is predominantly low intensity cattle grazing.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Queensland Mining Corporation Limited

ABN

61 109 962 469

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

	Current quarter	Year to date (6 months)
Cash flows related to operating activities	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(1,492)	(2,776)
(b) development		
(c) production		
(d) administration	(906)	(1,579)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	26
1.5 Interest and other costs of finance paid	(50)	(76)
1.6 Income taxes paid		
1.7 Other – GST refund	110	231
- R & D grant received	-	147
Net Operating Cash Flows	(2,332)	(4,027)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)mining assets		(2,250)
(c) other fixed assets	(4)	(19)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – cash adjustment to the acquisition price of the White Range project	510	510
Net investing cash flows	506	(1,759)
1.13 Total operating and investing cash flows (carried forward)	(1,826)	(5,786)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,826)	(5,786)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc. (see note "reconciliation of cash at para 5)	5,317	5,317
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(1,000)	(1,000)
1.18	Dividends paid		
1.19	Other (prior quarters issue cost)	-	(70)
	Net financing cash flows	4,317	4,247
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	420	4,450
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter (see note "reconciliation of cash at para 5)	2,911	2,911

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	225
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payment of \$93,000 to Butmall Pty Ltd in which Howard Renshaw is a director for accounting, administration, secretarial business support services and management fees.

Fees of \$132,000 for Corporate Services paid to DFK – Richard Hill during the quarter relating to services provided during the 6 months ended 31st December 2010 including acquisition of White Range Project, including compliance Prospectus, assistance with 30th June 2010 financial accounts including directors and secretarial fees.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	
4.3 Production	
4.4 Administration	450
Total	1,450

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	545	147
5.2 Deposits at call	510	
5.3 Bank overdraft		
5.4 Other – Online saving account	1,856	273
Total: cash at end of quarter (item 1.22)	2,911*	420

**Note:* a further amount of \$590,500 relation to a share issue agreement concluded on 31 December 2010 was received by the company on 7th January 2011.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	402,597,477	402,597,477	
7.4	Changes during quarter			
	(a) Increases through issues	22,494,888	8.2cents	8.2cents
		8,600,000	8.2cents	8.2cents
		1,500,000	8.8cents	8.8cents
		800,000	9.0cents	9.0cents
		980,000	10.0cents	10.0cents
		17,190,000	12.5cents	12.5cents
		9,400,00	15.0cents	15.0cents
		<u>60,964,888</u>		
	(b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities			

+ See chapter 19 for defined terms.


Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options			<i>Exercise price</i>	<i>Expiry date</i>
	<i>Listed</i>	30,000,000	30,000,000	20 cents	17/03/2013
		1,000,000	1,000,000	20 cents	31/05/2012
		4,700,000	4,700,000	20 cents	31/05/2012
	<i>Unlisted</i>	8,690,000	8,690,000	20 cents	31/05/2012
		28,196,589	28,196,589	20 cents	31/05/2012
		72,586,589	72,586,589		
		7,000,000	Nil	35 cents	16/03/2013
		1,675,000	Nil	25 cents	30/11/2012
		3,050,000	Nil	10 cents	30/11/2012
		12,050,000	Nil	10 cents	30/11/2012
		1,225,000	Nil	20 cents	30/11/2012
		25,000,000			
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 January 2011
Director

Print name: Howard Renshaw

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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