



## Quarterly Report

For the quarter ended 30 June 2012

31 July 2012

- QMC enters into 3 agreements with Ivanhoe to significantly enhance its White Range Project
- Phase 1 White Range feasibility study well underway
- EGM - all 5 resolutions approved
- Orion Gold NL joint venture participating interest diluted to less than 5%

### *Exploration Drilling Highlights*

- Desolation MDL 205 (Greenmount)
  - 18m @ 1.09% Cu, 0.14g/t Au and 372ppm Co from 5m in Hole DS12RC07, including 6m @ 1.69% Cu, 0.31g/t Au and 562ppm Co from 16m
  - 25m @ 0.83% Cu, 0.22g/t Au and 351ppm Co from 5m in Hole DS12RC08, including 7m @ 1.95% Cu, 0.47g/t Au and 857ppm Co from 19m
  - 19m @ 0.94% Cu, 0.34g/t Au and 631ppm Co from 7m in Hole DS12RC18, including 7m @ 1.93% Cu, 0.61g/t Au, and 452ppm Co from 11m

## Exploration Activities Report

### White Range Project

The White Range Project has been the focus of the Company's exploration activities during the quarter. A total of 4,161 metres across 84 RC holes were drilled in three prospect areas, i.e. Toby Barty, Desolation and Surprise. The details of the exploration activities in the quarter are set out as follows:

### **Toby Barty prospect in EPM 15897 "White Range Consolidated"**

Toby Barty is located approximately 30 km south-southwest of Cloncurry and falls in the northern part of EPM 15897 (Fig. 1&2). The prospect was historically mined via a small open pit. In 1994 Majestic Resources drilled 2 shallow RC holes (50-58m deep) on the outcropped mineralization, both of which returned over 10m @ 0.5-1% Cu. Copper mineralization at Toby Barty is characterized by malachite veins and stockworks in silicified and partially chloritic sandstone units within the Marimo Slate sequence. The current QMC RC program was designed to expand the known mineralization along strike and down dip.

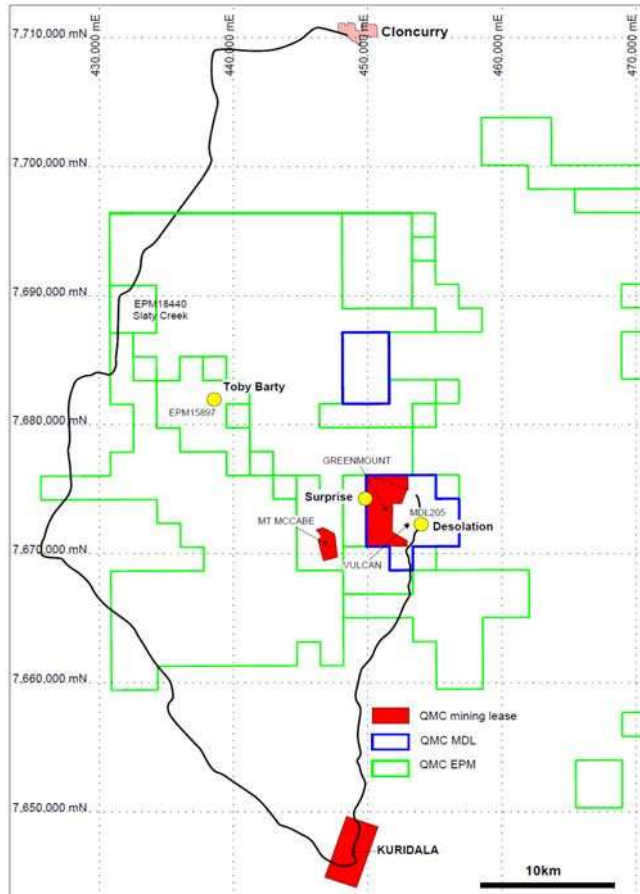


Fig. 1 Regional project location (Toby Barty, Desolation, Surprise and Slaty Creek)

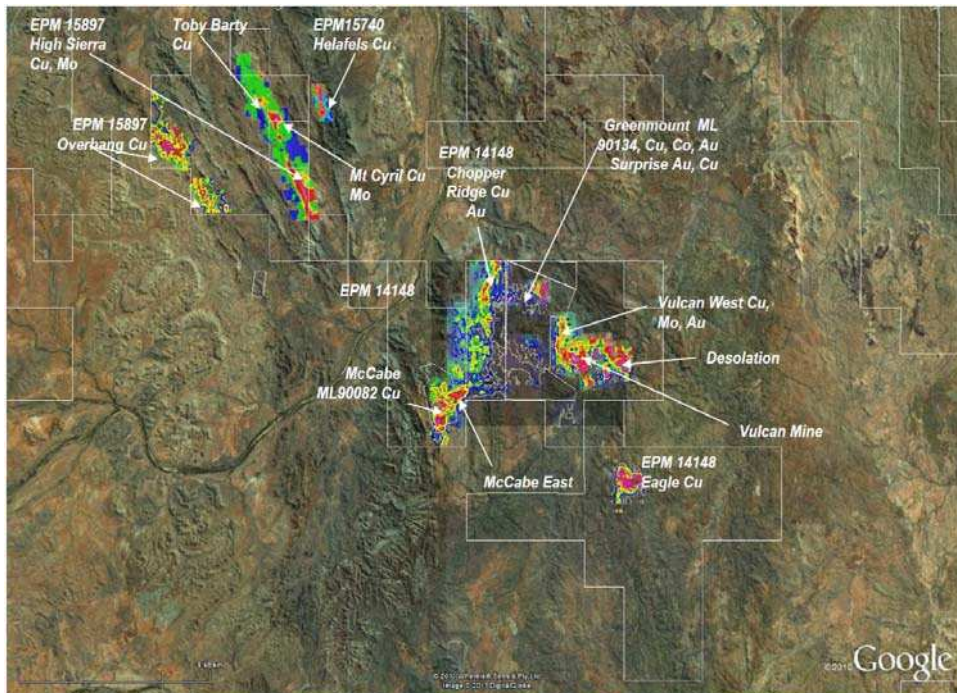


Fig. 2 Soil geochemical anomalies (Toby Barty, Desolation and Surprise)



All assay results have been received and multiple low grade copper intervals were returned from 4 out of 5 holes completed. The details of the drillhole information is presented in Table 1 and significant drill intercepts are summarized in Table 2. Both holes TB12RC01 and 02 were collared about 30m to the west of previous Majestic Resource’s holes 1 and 2 (Fig. 3), targeting down dip extension of the mineralization intersected in those Majestic Resource holes.

Table 1: Toby Barty Prospect – Drillhole Details and Location

Hole ID	Easting MGA94	Northing MGA94	RL	AZIMUTH Magnetic	Dip	Depth (m)
TB12RC01	438705	7682204	375	63	-60	204
TB12RC02	438713	7682176	365	57	-60	120
TB12RC03	438738	7682132	364	57	-60	120
TB12RC04	438708	7682122	362	57	-60	204
TB12RC05	438702	7682118	366	57	-70	168

Table 2: Selected drill intervals from Toby Barty (using 0.2% Cu as cut-off grade)

Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Ag (g/t)	Co (ppm)
TB12RC01	12	26	14			258
TB12RC03	28	52	24	2.46		
Inclu.	31	40	9	5.96	3	222
TB12RC04	65	78	13	0.74		233
	81	90	9	0.21		
	95	97	2	0.4		
	99	102	3	0.43		
	174	177	3	0.35		
	194	196	2	1.22	2.3	280
TB12RC05	23	29	6	0.2		
	152	157	5	0.6		

Holes TB12RC03, 04 and 05 are on the same section line about 50m south of hole TB12RC02 and about 20m south of the pit (see Fig. 3). Strong copper mineralization was intersected in hole TB12RC03, including 24m@ 2.46% Cu including 9m@ 5.96% Cu. Two holes drilled underneath TB12RC03 failed to return similar mineralization, indicating a limited down dip extension of the zone (Fig. 4). As constrained by the local topography, no holes have been drilled further to the south along strike, leaving the mineralization zone open for future investigation.

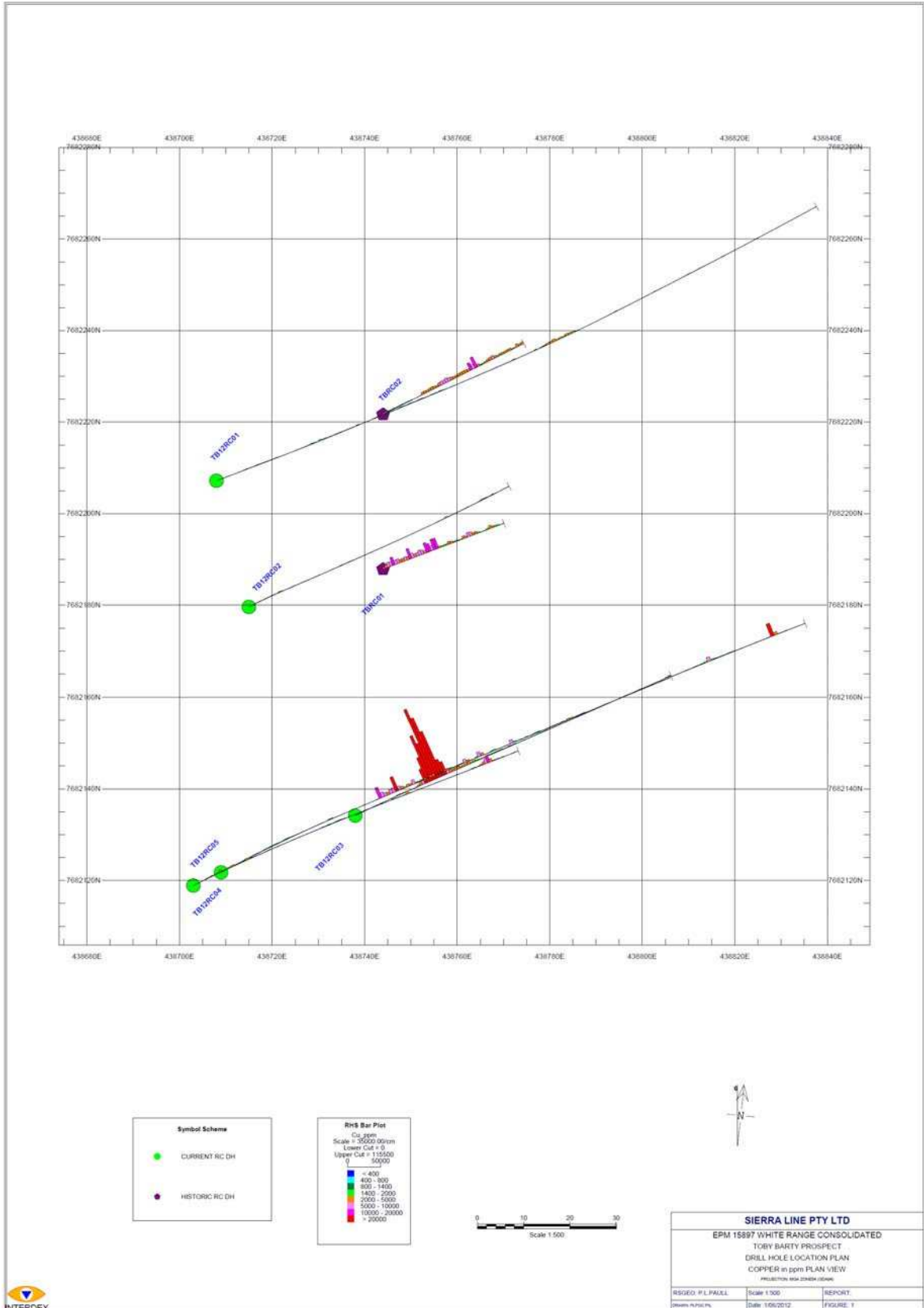


Fig. 3 Toby Barty drillhole location plan

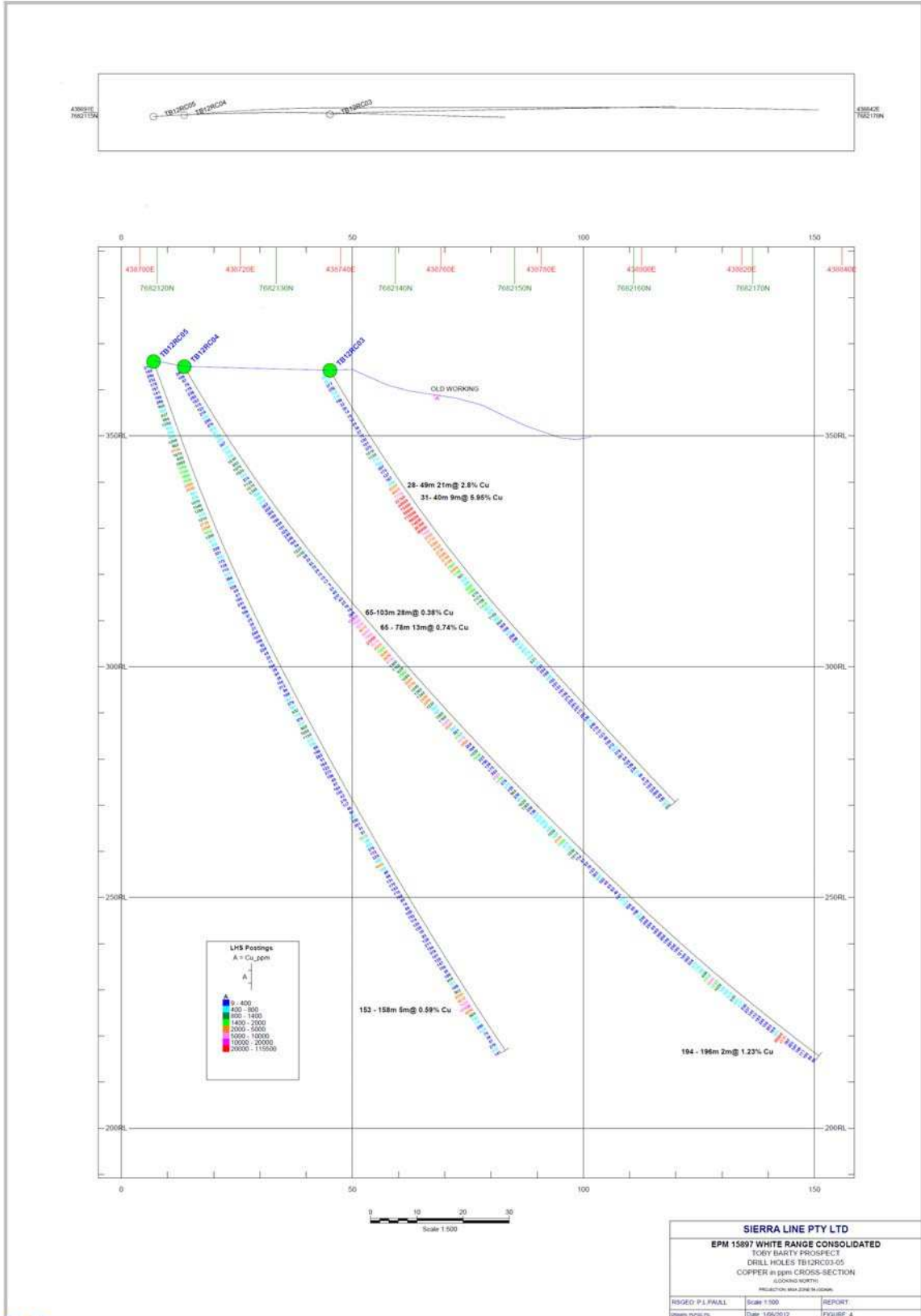


Fig. 4 Toby Barty cross section



**Desolation prospect in MDL 205 “Greenmount”**

The Desolation copper prospect is approximately 38 km south-southeast of Cloncurry and falls within the south-eastern part of MDL 205. The prospect is also only 500m to the east of Vulcan mining lease (ML 2519) and about 3.5 km southeast of Greenmount mining lease (ML 90134), both of which form an important part of the JORC resources contained within the White Range Project area (see Fig. 1&2).

The prospect area has been explored before by other companies in the form of geological mapping, rock chipping, RC and diamond drilling. A total of 36 shallow holes were recorded in the Mines Department open file database over an area of 700m by 600m. Low to moderate grades (0.5 -1% Cu) of oxide copper mineralization were outlined within 30m depth from the surface, including encouraging intersections of 11m@ 1.97% Cu from the north-eastern part of the prospect area.

The recently completed drill program at Desolation consisted of 52 RC holes for a total of 1,838 metres (Fig. 5). Most of the holes are relatively shallow and limited to 30m in depth. The program was designed to follow up previous drill intersections, particularly in the eastern part of the prospect aimed to define open pittable oxide copper resources as additional ore feed to the proposed nearby processing plant. As of the end of this quarter, assay results have been received from the first 21 holes and broad zones of copper mineralization with strong gold and cobalt credits were encountered in most of the holes completed (Table 3 & Table 4).

Table 3: Desolation Prospect – Drillhole Details and Location (first 21 holes with assays being received)

Hole ID	Easting MGA94	Northing MGA94	RL	AZIMUTH Magnetic	Dip	Depth (m)
DS12RC01	453827	7672532	254	270	-60	30
DS12RC02	453858	7672530	253	270	-60	30
DS12RC03	453888	7672526	251	270	-60	30
DS12RC04	453914	7672523	250	270	-60	30
DS12RC05	453952	7672520	246	270	-60	30
DS12RC06	453982	7672517	246	270	-60	30
DS12RC07	453980	7672494	247	270	-60	36
DS12RC08	453981	7672466	247	270	-60	36
DS12RC09	453951	7672468	246	270	-60	30
DS12RC10	453981	7672437	247	270	-60	36
DS12RC11	453949	7672440	245	270	-60	24
DS12RC12	453915	7672443	247	270	-60	30
DS12RC13	453893	7672448	248	270	-60	30
DS12RC14	453861	7672465	248	270	-60	30
DS12RC15	453828	7672480	250	270	-60	30
DS12RC16	453827	7672460	248	270	-60	30
DS12RC17	453860	7672479	251	270	-60	30
DS12RC18	453886	7672477	251	270	-60	30
DS12RC19	453918	7672474	250	270	-60	30
DS12RC20	453829	7672387	252	270	-60	30
DS12RC21	453844	7672343	254	270	-60	30



Table 4: Selected drill intervals from Desolation (using 0.2% Cu as cut-off grade)

Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)	Co (ppm)
DS12RC06	8	21	13	0.57	0.11	734
DS12RC07	5	23	18	1.09	0.14	327
Include.	16	22	6	1.69	0.31	562
DS12RC08	5	30	25	0.83	0.22	351
Include.	19	26	7	1.95	0.47	857
DS12RC09	0	12	12	0.75	0.34	106
Include.	4	7	3	1.72	0.76	119
	16	25	9	0.41	0.23	586
DS12RC10	4	29	25	0.58	0.21	338
DS12RC11	7	24	17	0.73	0.21	239
Include.	16	17	1	6.81	2.23	977
DS12RC12	1	16	15	0.56	0.07	1040
DS12RC13	0	18	18	0.81	0.24	1171
Include.	1	7	6	1.41	0.48	1690
DS12RC17	6	12	6	0.26	0.23	288
DS12RC18	7	26	19	0.94	0.34	631
Include.	11	18	7	1.93	0.61	452
DS12RC19	0	8	8	0.43	0.07	253
DS12RC21	0	9	9	1.27	0.14	739
Include.	2	6	4	2.29	0.2	1364

**Highlights from the initial drill results include:**

- 18m @ 1.09% Cu, 0.14g/t Au and 372ppm Co from 5m in Hole DS12RC07, including 6m@ 1.69% Cu, 0.31g/t Au and 562ppm Co from 16m
- 25m @ 0.83% Cu, 0.22g/t Au and 351ppm Co from 5m in Hole DS12RC08, including 7m@ 1.95% Cu, 0.47g/t Au and 857ppm Co from 19m
- 17m @ 0.73% Cu, 0.21g/t Au and 239ppm Co from 7m in Hole DS12RC11, including 1m@ 6.81% Cu, 2.23g/t Au and 977ppm Co from 16m
- 19m @ 0.94% Cu, 0.34g/t Au and 631ppm Co from 7m in Hole DS12RC18, including 7m @ 1.93% Cu, 0.61g/t Au, and 452ppm Co from 11m
- 9m @ 1.27% Cu, 0.14g/t Au and 739ppm Co from surface in Hole DS12RC21, including 4m @ 2.29% Cu, 0.2g/t Au and 1364ppm Co from 2m

Samples from the remaining holes in the program have been despatched to the ALS Laboratories in Townsville and results will be announced when they become available.

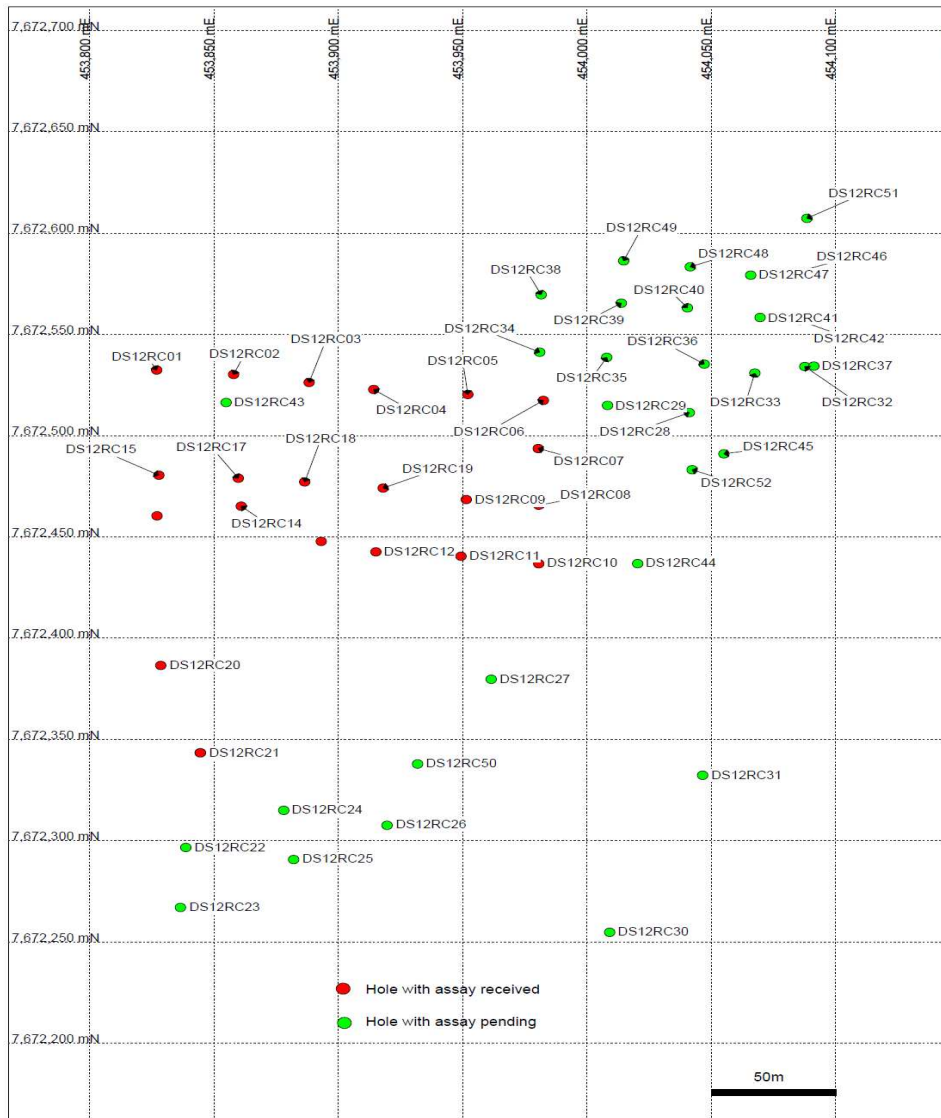


Fig. 5 Desolation drillhole locations

**Surprise prospect in ML 90134 “Greenmount”**

The Surprise gold-copper prospect is located approximately 35km south of Cloncurry and straddles both Greenmount mining lease (ML 90134) in the east and EPM 15897 in the west (Fig. 6). The prospect is also less than 1 km west of Greenmount. The target was defined by soil sampling in 2006 before the asset was acquired by QMC from Matrix Metals. At 100ppb gold contour, the extent of the anomaly measures about 180m x 180m.

17 RC holes for a total of 1462m were drilled into the Surprise gold-copper target with depth varying from 72m to 138m. While assay results are being awaited, visual examination of drill chips indicated the widespread presence of K-feldspar and clay alteration zones in most holes.



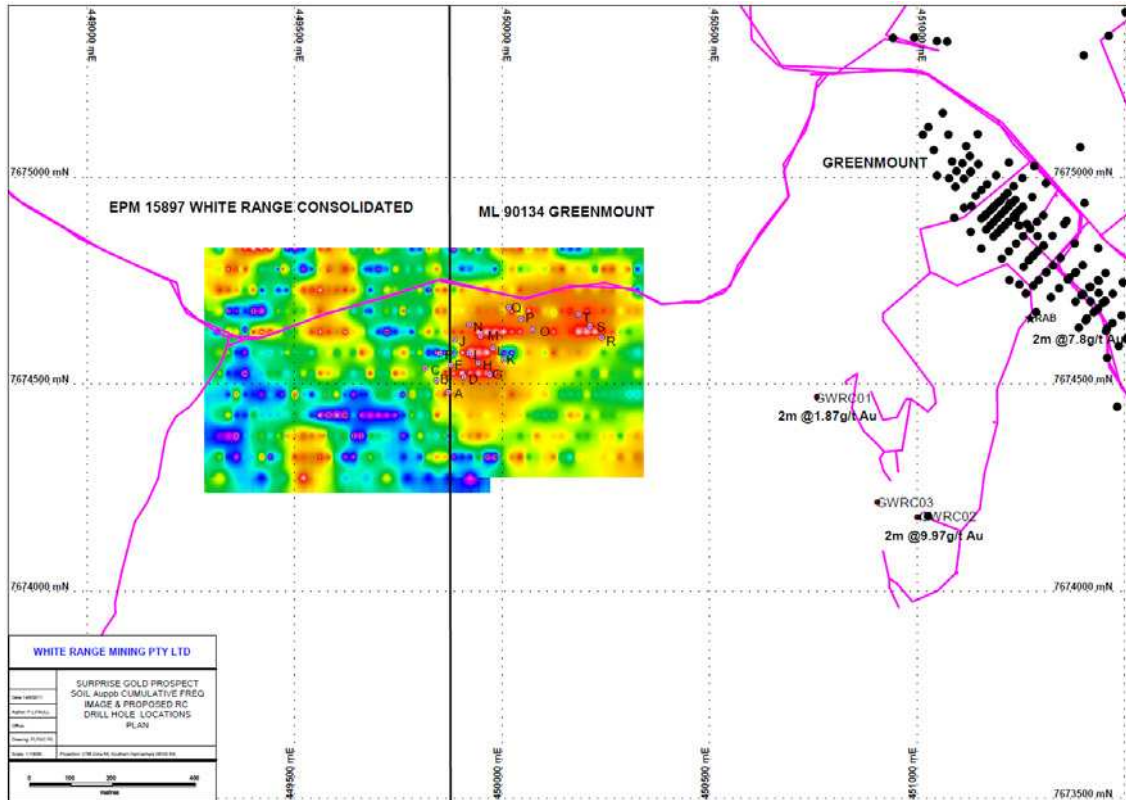


Fig. 6 Surprise project location and gold in soil image with proposed drillhole locations

## Duck Creek Project

### Slaty Creek EPM 18440

The Slaty Creek tenement, consisting of 4 sub-blocks, is approximately 25km southwest of Cloncurry and forms part of the Company's Duck Creek project. During the quarter, a first-pass geochemical lag sampling was conducted over the entire tenement to identify areas with elevated copper ± gold geochemistry. In total, 120 samples of +1-4mm sieved material were collected on an effective grid of 350m by 350m. Compilation and review of the lag sampling results have highlighted a strong copper anomaly in the central south of the EPM measuring about 2km by 0.8km above 100ppm Cu (Fig. 7). This anomaly corresponds roughly with the Overhang Jasperlite structure which is regarded as prospective for copper-gold-cobalt mineralization in the region. Ground follow-up has been planned to advance the target for drill testing.

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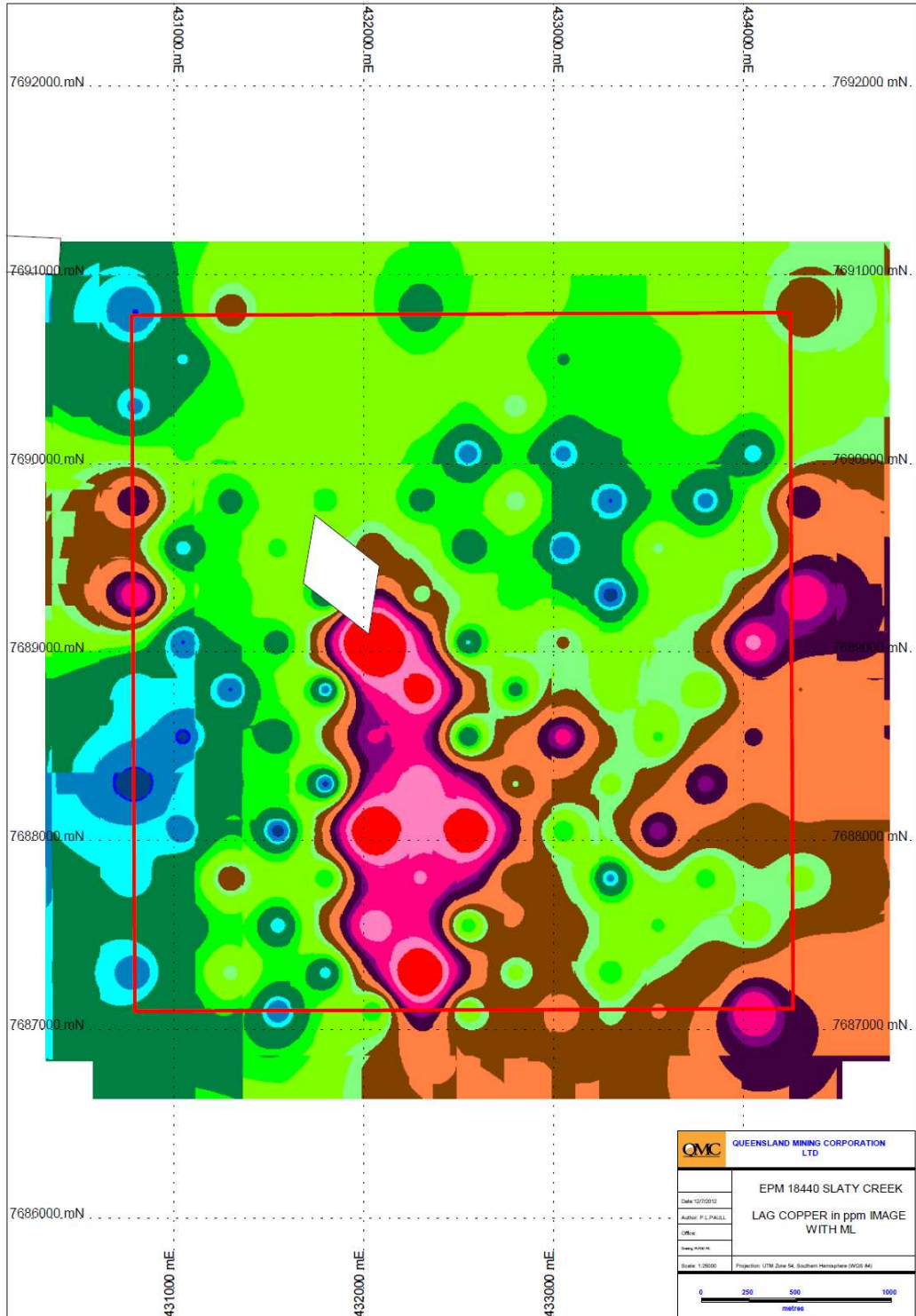


Fig. 7 Slaty Creek lag copper image



**Mount Sheaffer EPM 16976**

The “Mt Sheaffer” EPM 16976 is located approximately 34km SW of Cloncurry and also forms part of the Company’s Duck Creek project. The tenement consists of 18 sub-blocks in one contiguous area. A total of 475 lag samples were collected on staggered E-W survey lines to provide an effective geochemical coverage of approximately 300m x 300m. Assay results for the first 137 samples located in the northern part of the EPM were received during the quarter. Initial plotting of the data outlined a strong copper anomaly measuring 1500m x 600m in the northeast of the surveyed area (Fig. 8), which warrants further investigation for possible copper mineralization within the Mitakoodi Quartzite unit.

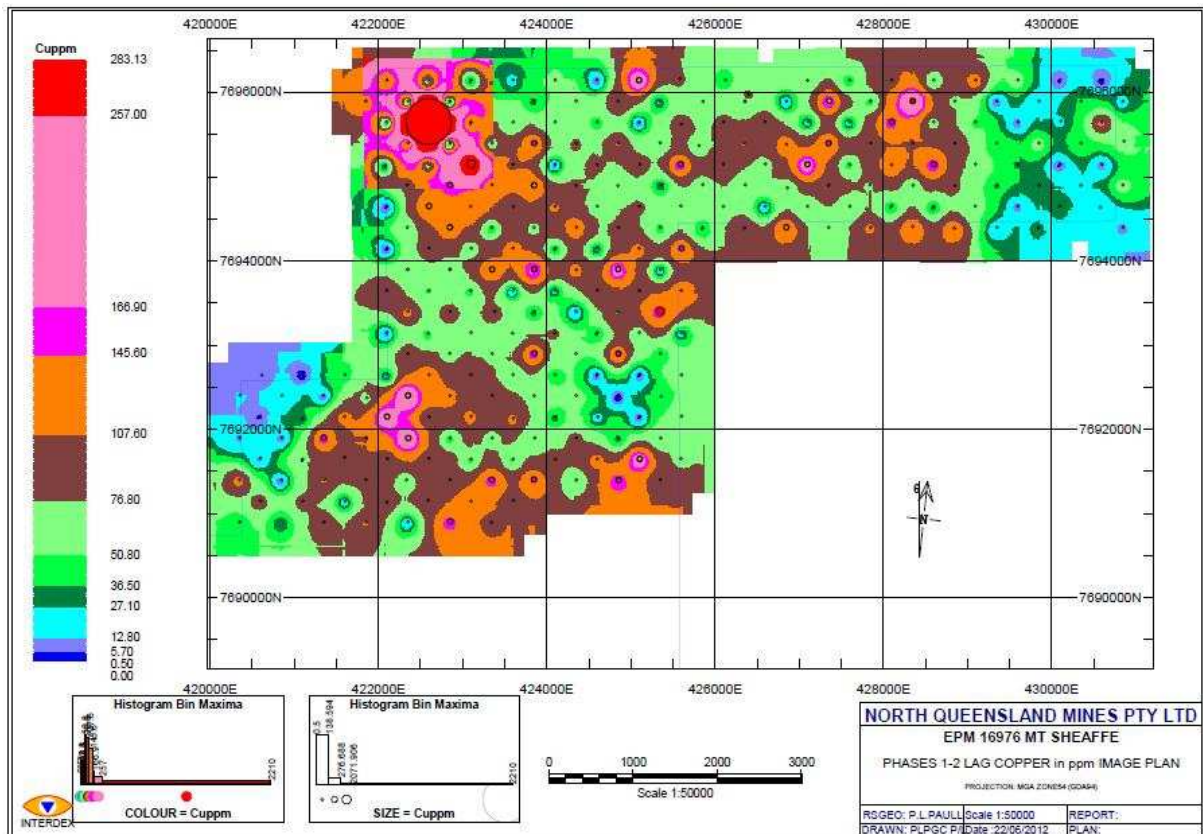


Fig. 8 Mt Sheaffer lag copper image

**Gilded Rose and Mt Freda Gold Project**

AMDEL were commissioned to carry out metallurgical test work including cyanide leaching and gravity concentration on gold ore sample composites containing quarter HQ core and RC chips. The gravity concentration was by way of using a Knelson gravity concentrator. The conclusions from this met testing were:

- Gravity concentration of selected ore samples showed effective gold upgrade resulting in the concentrates, whilst some samples still contained an appreciable amount of gold in the tailings. A lower head grade versus tails grade indicated free gold possibly associated with the samples.



- After cyanide leaching, most samples showed high gold extraction yields. It is believed that low/slow extraction over the leaching period for some of the samples is due to the presence of refractory gold. Other possibilities include large grains of gold which did not entirely dissolve over the leaching period or inhibition of gold cyanidation by copper.
- A gold deportment program should be developed to investigate:
  - gold liberation
  - optimising particle size for feed to gravity concentrator and cyanide leach processes.

The Gilded Rose material exhibited good response to gravity concentration and good direct leaching characteristics with a high percentage recovery of gold. However, some composites showed a medium percentage presence of copper recovery and this needs to be further addressed in the Gilded Rose ore.

In summary, the test work is showing good overall gold recovery. The gold is amenable to gravity concentration with cyanidation of the tail. This will require further technical work to be carried out.

As a result, QMC has planned further RC and diamond core drilling (including further met core for laboratory test work) at both Mt Freda and Gilded Rose. Further resource infill drilling will assist in conceptual mine planning and pit optimisation.

## **Proposed Drilling Program**

As outlined in the Quarterly Report for the period ending 31 March 2012, major drill programs were designed over the Greenmount, Surprise, Toby Barty and Black Fort areas with the primary objective being the support of the development of the White Range project. As reported, drilling has been completed at Toby Barty, Surprise and Desolation. The proposed drilling at Black Fort will be considered later in the year following the prioritisation of the Greenmount, Young Australian and Kuridala proposed drill programs which have been scheduled (subject to permitting)

As of the date of this Quarterly Report, four out of six planned metallurgical holes at Greenmount have been completed and the metallurgical drilling program is anticipated to finish by mid August 2012. Greenmount resource definition drilling which consists of 21 RC holes for a total of 3,643 metres is expected to commence in early August with a powerful RC rig which has been booked.

In the light of the agreement with Ivanhoe enabling access to six (6) sub-blocks of Ivanhoe's EPM 18912, the Young Australian has become a high priority and is potentially a key deposit of the White Range Project. Accordingly, an aggressive resource development drilling program has been designed, consisting of a total of 7,050 metres in 54 RC holes to upgrade and expand the known resources at the Young Australian. Drilling is scheduled to start during September 2012, together with 11 metallurgically planned holes.



## **White Range Feasibility Study (“WRFS”)**

Calder Maloney Pty Ltd (Calder Maloney) commenced work on phase 1 of the White Range feasibility study in this quarter. An outline of the work undertaken is summarised as follows:

- a rigorous review and gap analysis of the Matrix Metals 2005 BFS and related technical documentation
- scoping mine planning and pit optimizations for Greenmount, Kuridala and Vulcan deposits using updated cost models
- the commencement of a metallurgical drilling program for met test work and a resource delineation drilling program at Greenmount
- design of a metallurgical sampling and test program
- advanced work on infrastructure review and optimization (accelerated phase 2 work)

As part of phase 1, the Company and Dr Jon Gilligan, QMC’s interim White Range Project manager, accompanied Calder Maloney on a site visit to the White Range Project area to review alternative locations for the processing facilities and to carry out an evaluation of the infrastructure requirements (eg. power, water, acid and haulage roads) for the proposed facilities.

The Company employed Doug McLean as Resource Development Manager for the White Range Project. Doug has been instrumental in designing the drill programs on the 5 key deposits underpinning the White Range Project and in delivering the metallurgical drill samples and upgrades to the JORC compliant resource models.

The Company has also retained Golder Associates to update the JORC compliant mineral resource estimates with the new drill hole data. Through Calder Maloney, Graeme Miller has been engaged to advise on the metallurgical program. Brian Rear is reviewing and overseeing the met testing and processing options routes at Greenmount and Young Australian deposits.

Calder Maloney is in the process of finalizing their phase 1 report in the current quarter, while resource drilling and metallurgical test work will continue during this and the following quarter.

## **Extraordinary General Meeting (EGM)**

The EGM foreshadowed in the last Quarterly Report was held on 22 June 2012. The principal purpose of the EGM was to put a resolution to shareholders to approve the issue of Options to Great Tang Brothers Resource Investment Pty Ltd (GTB) as a condition of the placement of 78,200,000 shares to GTB in February 2012. At the EGM a total of five (5) Resolutions were put and all were passed. The specific resolutions approved by shareholders were as follows:

- Resolution 1 - Ratification of the issue of 60,294,545 Ordinary Shares in the Company Pursuant to ASX Listing Rule 7.4
- Resolution 2 - Issue of 31,280,000 Options to GTB
- Resolution 3 - Issue of 9,400,000 Options to Tulla Resources Group Pty Ltd



- Resolution 4 – Approval of Issue of 75,000,000 Ordinary Shares Pursuant to Listing Rule 7.1
- Resolution 5 – Approval of Executive and Employee Option/Share Plan

The results of the EGM were announced to the ASX on 22 June 2012.

## **Corporate Matters**

### **Ivanhoe Transaction**

On 7 June 2012, the Company announced that it had entered into three (3) agreements with Ivanhoe Cloncurry Mines Pty Ltd (Ivanhoe), a wholly owned subsidiary of Ivanhoe Australia Limited (ASX:IVA).

These transactions enhance the Company's White Range Project. In particular, the agreement with Ivanhoe in respect to:

#### *The Young Australian*

The Young Australian agreement is very significant as it may open up the existing QMC mining leases at the Young Australian and East Drift to enable the Company's JORC resources to be economically mined and will enable QMC to explore on the 6 sub blocks of Ivanhoe's EPM 18912 (formerly EMP 9116 totalling 20km<sup>2</sup>) where the current deposit is open at depth to the west and along strike. In the event that this exploration activity establishes a significant deposit QMC will have the right to establish a mining lease over that area (Fig. 9).

#### *Kuridala ML 90081*

The access and cooperation agreement at Kuridala will enhance QMC's exploration activities and future mining operations at this deposit which is a key deposit in the White Range Project (Fig. 9)

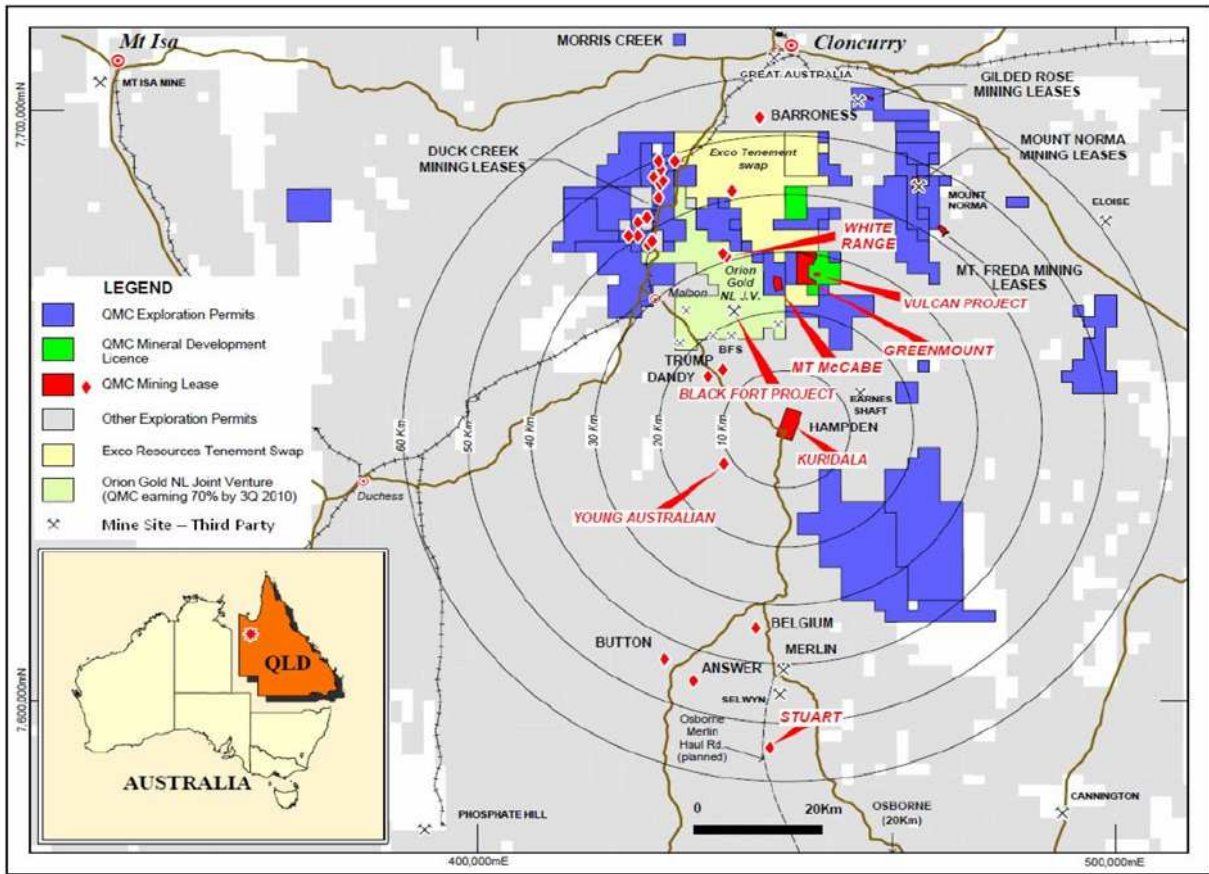


Fig. 9 QMC and Ivanhoe agreement tenements (Young Australian, Kuridala and Stuart) location map

### Stuart 90083

The Stuart deposit (an asset of Maxiforde Pty Ltd, a wholly owned subsidiary of QMC) is somewhat isolated from the Company's other principal copper deposits and lies adjacent to Ivanhoe's Victoria North open pit mine. Ivanhoe have a call option to acquire the mining lease for \$700,000 cash (or \$750,000 in IVA shares) and a minimum \$2 per tonne royalty. QMC has certain rights to retain up to 700,000 tonnes of leachable copper ore (ie oxides) on ML 90083.

These agreements are subject to the satisfaction of certain procedural preconditions, including Ivanhoe obtaining FIRB approval. Ivanhoe has informed QMC that it has received a "no objections" notice from the FIRB. The Company is in discussions with Ivanhoe in relation to the satisfaction of all the preconditions and is confident that the 3 agreements will become unconditional imminently. For a more detailed summary of the transaction please see the 7 June 2012 announcement on QMC's website ([www.qmcl.com.au](http://www.qmcl.com.au))

### **Tenements**

The Mines Department has recently granted QMC five (5) new EPM's following applications made in March/April 2011 – EPMs 19149 (Elder Creek East); 19150 (Turpentine Creek); 19165 (Weatherly Creek South); 19166 (Surprise Creek) and 19167 (Weatherly Creek North). These EPMs are mainly to support the Company's operations at Mt Norma, Mt Freda & Gilded Rose, south east of Cloncurry.

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### Orion Joint Venture agreement

As previously reported, the Company had earned in an 82.35% participating interest pursuant to the joint venture agreement entered into between Goldstar Resources NL (the predecessor to Orion Gold NL ("Orion")) and Matrix Metals Limited dated 29 November 2006 (the Orion JV agreement) which was assigned by the liquidators of Matrix Metals Limited to QMC and owns a 70% proprietary interest in EPM 17602 with Orion owning 15% and Findex Pty Limited owning 15% (free carried through to a decision to mine).

Orion have now given notice that it will not be committing any expenditure to the Orion joint venture and accordingly, under the terms of the Orion JV agreement, its participating interest has been diluted to below 5%. Until Orion are diluted to zero or agreement reached, the terms of the Orion JV agreement remain in effect.

### Mt Norma Copper Processing Operation

Dr Lakshman Jayaweera, founder and former Managing Director of Hydromet Corporation Limited, joined QMC as a consultant in June. He is taking an increased role in the Company, focussing on the opportunities to develop the Mt Norma processing plant and operations.

The directors of Mt Norma Mining Company Pty Ltd ("MNMC"), a wholly owned subsidiary of QMC, are pleased to announce the appointment of Dr Lakshman as the CEO of MNMC. Dr Lakshman's first priority is to evaluate the Mt Norma processing plant as part of a scoping study for the production of copper cement, copper sulphate and other by-products.

### Issued Capital and Cash Position at 30 June 2012

Ordinary shares on issue:	512,892,022
Cash on hand:	\$1.447 million
Options on issue:	Refer to Appendix 5B

The Company had 72,586,589 listed options of \$0.20 each ("QMNO") which (save for 9) expired on 31 May 2012.

The following options expire on 30 November 2012:

Number of unlisted options	Exercise price	Expiry date
31,280,000	\$0.08	30 November 2012
15,100,000	\$0.10	30 November 2012
1,225,000	\$0.20	30 November 2012
1,675,000	\$0.25	30 November 2012

### Corporate Finance

QMC is currently evaluating its financial strategy and funding options with its major shareholders.



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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 mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 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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## QMC JORC Resources

[0.2% Cu cut-off unless stated otherwise]	RESOURCE	CONTAINED COPPER t	CONTAINED COBALT M lbs	CONTAINED GOLD OZ
<b>WHITE RANGE</b>				
GREENMOUNT	12.3 Mt @ 0.8% Cu, 0.06% Co, 0.3g/t Au	97,000	16.0	118,000
KURIDALA	7.2 Mt @ 0.8% Cu, 0.02% Co, 0.21g/t Au	60,000	3.9	49,000
MCCABE	7.7 Mt @ 0.6% Cu, 0.02% Co	44,000	3.7	
YOUNG AUSTRALIAN	2.1 Mt @ 1.1% Cu, 0.01% Co	21,000	0.4	-
VULCAN	1.4 Mt @ 0.7% Cu, 0.02% Co	9,000	0.5	
<b>SUB-TOTAL WHITE RANGE</b>	<b>30.7Mt @ 0.8% Cu, 0.04% Co, 0.17g/t Au</b>	<b>231,000</b>	<b>24.5</b>	<b>167,000</b>
STUART	5.6 Mt @ 0.6% Cu, 0.002% Co, 0.14g/t Au	31,000	-	27,000
FLAMINGO (1.0% cut-off)	0.1 Mt @ 6.0% Cu, 1.8g/t Au	7,000	-	7,000
<b>TOTAL, COPPER DEPOSITS</b>	<b>36.4 Mt @ 0.74% Cu, 0.03% Co, 0.17g/t Au</b>	<b>269,000 t</b>	<b>24.5 M lbs</b>	<b>201,000 oz</b>

Not included in table - **GOLD** –

**Mt Freda**, 1.6Mt @1.7g/t Au for 89k oz;

**Gilded Rose** 143kt @ 4.2g/t Au for 19k oz (0.5g/t cut-off); **108,000 oz**for Cloncurry deposits,

Global total for all Company projects: **308,000 oz**

### 1.0 For Greenmount, Kuridala, Vulcan, Mt McCabe Flamingo and Stuart deposits

Information in this presentation that relates to exploration results and Mineral Resources is based on information compiled by Max Tuesley a consultant to QMC and a Member of the Australasian Institute of Mining and Metallurgy and 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. Mr Tuesley has reviewed and compiled all of the resource modeling work and 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 of Reporting of Exploration Results, Mineral Resources and Reserves, the JORC Code'. Mr Tuesley & Dr Xu consent to the inclusion in the presentation of the matters based on information in the form and context in which it appears.

### 2.0 For Young Australian and Gilded Rose deposits

Information in this presentation relates to exploration results and Mineral Resource estimates based on information compiled by Dr Guojian Xu and Mr James McIlwraith. Mr McIlwraith is a Member of the Australasian Institute of Mining and Metallurgy and is a consultant to Queensland Mining Corporation Limited through JM Geological Consulting Pty Ltd. With respect to their respective contributions, these persons qualify as Competent Persons as defined in 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Xu and Mr McIlwraith consent to the inclusion in this report of the matters based on the respective information provided by each of them, in the form and context in which it appears.

# 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")

30 JUNE 2012

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation	(1,446)	(5,551)
(b) development		
(c) production		
(d) administration	(534)	(2,351)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	24	82
1.5 Interest and other costs of finance paid	(75)	(458)
1.6 Income taxes paid		
1.7 Other – GST refund	86	321
- R & D grant received		140
<b>Net Operating Cash Flows</b>	<b>(1,945)</b>	<b>(7,817)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects		
(b)mining assets		
(c) other fixed assets	(123)	(208)
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		
<b>Net investing cash flows</b>	<b>(123)</b>	<b>(208)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,068)</b>	<b>(8,025)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(2,068)	(8,025)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, net.		5,476
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		3,000
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (prior quarters issue cost)		
	<b>Net financing cash flows</b>	0	8,476
	<b>Net increase (decrease) in cash held</b>	(2,068)	451
1.20	Cash at beginning of quarter/year to date	3,515	996
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b> (see note "reconciliation of cash at para 5)	1,447	1,447

**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	97,254
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 to Butmall Pty Ltd for the provision of management, financial and corporate services to QMC pursuant to a contract. Howard Renshaw is a director of Butmall Pty Ltd	30,000
Payment to DFK – Richard Hill Pty Ltd of which Richard Hill is a director	
- Company secretarial, director's fees and company admin (3 months)	26,999
- Accounting and taxation services rendered in prior and current period	17,505
Payment to Brian J Rear Pty Ltd of which Brian J Rear is a director	22,750
-Consultancy services and director 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	950
4.2 Development	
4.3 Production	
4.4 Administration	450
<b>Total</b>	<b>1,400</b>

### 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	50	54
5.2 Deposits at call (refer to note below)		
5.3 Bank overdraft		
5.4 Other – Online saving account	1,397	3,461
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,447</b>	<b>3,515</b>

### 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			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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 <b>Preference</b> +securities( <i>description</i> )				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	512,892,022	512,892,022		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs		2,000,000	5.5 cents	5.5 cents
7.5 <b>+Convertible debt securities</b>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
<i>Unlisted</i>	7,000,000	Nil	35 cents	16/03/2013
	1,675,000	Nil	25 cents	30/11/2012
	15,100,000	Nil	10 cents	30/11/2012
	1,225,000	Nil	20cents	30/11/2012
	17,450,000	Nil	10 cents	30/11/2014
	31,280,000	Nil	8 cents	30/11/2012
	<u>73,730,000</u>	Nil		
7.8 Issued during quarter	31,280,000	Nil	8 cents	30/11/2012
	9,400,000	Nil	10 cents	30/11/2014
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## 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 July 2012  
Company Secretary

Print name:

## 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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+ See chapter 19 for defined terms.