QUEENSLAND MINING CORPORATION LIMITED
A.B.N. 61 109 962 469

HALF-YEARLY REPORT
31 DECEMBER 2012

CONTENTS

DIRECTORS' REPORT

Your directors present this report on Queensland Mining Corporation Limited ("the Company" or "QMC") and its subsidiaries ("the Group") for the six month period ended 31 December 2012 ("Reporting Period")

Current Directors

The names of directors who held office during or since the end of the half year:

Mr Brian Rear	
Mr Robert (Bob) Besley	
Ms Cathie Wu	(Appointed 16 September 2012)
Dr Lakshman Jayaweera	(Appointed 21 January 2013)
Mr David Usasz	(Resigned as Chairman & Director 28 February 2013)
Mr Howard Renshaw	(Resigned 21 January 2013)
Mr Richard Hill	(Resigned 30 November 2012)

Company Secretary

Mr Richard Hill

Report of Operations

White Range Project

The White Range Project currently has three principal resources: Greenmount, Kuridala and Young Australian which contain 180,000t of Cu and 165,000oz of Au and a number of satellite deposits which contain a further 97,000t of Cu and 38,000oz of Au. The project (excluding the Young Australian resource) was the subject of a Feasibility Study in 2005 by Matrix Metals Limited.

The Company has identified a number of areas in which the project economics can be improved, in particular, potential to expand resources and extract value from gold and cobalt credits and as a result has adopted a strategy of focussing its work on the development of the White Range Copper Project. Initial work during the six month period focussed on drilling to improve the resources at the Greenmount and Young Australian Prospects.

<u>Greenmount Prospect</u>

The Greenmount Prospect hosts the largest of the resources which make up the White Range Project. It has an historical JORC compliant resource estimate of 12.3Mt at 0.79% Cu containing 96,700t of Cu metal. Drilling during the six month period focussed on expanding the resource in areas determined by QMC to be poorly drilled with the aim of identifying additional copper within the immediate area of the historical resource.

The drilling at Greenmount was very successful in identifying additional areas of mineralisation, in particular, a significant high grade copper and gold zone of transitional mineralisation. Significant drilling results during the period included:

GM12RC06	72m at 2.4% Cu	and	0.92g/t Au	from 129m
including	*16m at 6.5% Cu*	*and*	*2.3g/t Au*	*from 129m*
GM12RC13	24m at 2.4% Cu	and	1.1g/t Au	from 29m

GM12RC05	11m at 2.5% Cu	and	0.81g/t Au	from 220m
GM12RC18	14m at 1.9% Cu	and	1.1g/t Au	from 112m
GM12RC14	8m at 3.5% Cu	and	2.0g/t Au	from 69m
GM12RC03	3m at 0.3% Cu	and	58.0g/t Au	from 13m
GM12RC20	7m at 3.7% Cu	and	2.2g/t Au	from 98m
and	13m at 2.9% Cu	and	1.1g/t Au	from 110m
including	*4m at 5.0% Cu*	*and*	*1.3g/t Au*	*from 117m*
and	10m at 2.4% Cu	and	0.6g/t Au	from 154m
including	*2m at 5.7% Cu*	*and*	*1.8g/t Au*	*from 155m*
GM12RC21	18m at 1.6% Cu	and	1.0g/t Au	from 31m
GM12RC23	14m at 1.9% Cu	and	1.2g/t Au	from 143m

The RC drilling has successfully identified additional copper and gold mineralisation in a number of zones within the Greenmount resource and importantly has identified a continuous zone of higher grade mineralisation. Many of these higher grade intersections are located within or immediately adjacent to the proposed open pit outlines. The results of the drilling completed by QMC will have a significant positive impact on the Greenmount resource and will enhance the economical outcomes of ongoing feasibility studies as a result of the grade and location of these intersections.

Historical feasibility studies did not contemplate the extraction of gold or cobalt and QMC is undertaking an extensive reanalysis program of historical drill holes to fully evaluate the economic value of these metals.

In addition to the copper, gold and cobalt, drilling also intersected significant molybdenum and rhenium (Re) values in the footwall of the copper mineralisation. Intersections included:

GM12RC01	22m at 0.34% Mo	and 2.8g/t Re	from 161m
including	*2m at 1.58% Mo*	*and 14.5g/t Re*	*from 162m*
GM12RC05	5m at 0.37% Mo		from 204m

The recognition of the Mo and Re potential shows that the Greenmount deposit is very similar geologically to the nearby Merlin-Mt Doray deposits currently being developed by Ivanhoe Australia Limited.

<u>Young Australian Prospect</u>

The Young Australian Prospect is part of the White Range Project and located approximately 70km south, southwest of Cloncurry and approximately 35 km from Greenmount. It consists of 4 granted mining leases (Young Australian and East Drift leases) and the surrounding 6 sub-blocks of Ivanhoe's EPM18912 from which the Company has acquired the exclusive rights to explore for a five year period. The Company also has an option to require Ivanhoe to apply for a mining lease over all or any part of these six sub-blocks if an economic ore body is defined. All conditions precedent to the agreement with Ivanhoe have been met or waived, and effective 3 October, 2012, the agreement became "unconditional". This now allows QMC to explore the full potential of this important area for copper and other base or precious metal mineralisation. The Young Australian Prospect has an existing JORC resource of 2.1 Mt at 1.0% Cu contained within the Company's existing Young Australian and East Drift mining leases.

A total of 18 RC holes for 2,494m were drilled at Young Australian during the Period. The holes were designed primarily to test the continuity of mineralisation through the 250m gap between the Young Australian and East Drift resources. In addition, four holes were drilled to test the extension along strike to the northeast and a further four holes were drilled to test the immediate down dip extension of the old pit area. Significant drill intercepts from the program included:

YA12RC04	8m @ 1.08% Cu from 72m
and	7m @ 1.52% Cu from 86m
and	9m @ 2.02% Cu from 105m
YA12RC08	13m @ 1.20% Cu from 66m
YA12RC09	11m @ 1.09% Cu from 48m

YA12RC16	11m @ 1.09% Cu from 53m
YA12RC17	6m @ 1.89% Cu from 26m
YA12RC18	16m @ 1.08% Cu from 63m

All seven holes drilled into the gap have returned significant widths of copper mineralisation including **9m @ 2.02% Cu, 7m @ 1.52% Cu, 13m @ 1.20% Cu and 6m @ 1.89% Cu**, which indicates the two previously announced Young Australian resource in the south and East Drift resource in the north are linked. Three holes drilled in the immediate north of the East Drift mining lease have identified extension of mineralisation along strike beyond the East Drift resource. Four widely spaced holes (YA12RC10, 12, 13 and 14) drilled along strike to the northeast have outlined another 600m of potential strike length of the Young Australian mineralised structure. Further infill drilling is required to assess for additional copper resources. Both geological mapping and further RC drilling have been planned in the Young Australian Prospect for the 2013 field season with the aim to increase the JORC resources.

<u>Resource Development Program</u>
Initial work in the 2013 field season will focus on drilling to expand the Kuridala (JORC) resource estimate which currently stands at 7.2Mt at 0.83% Cu containing 60,000t of copper metal and is the second largest resource in the White Range Project. The resource extends from surface to a maximum depth of 100m (limit of Mining Lease) but internal reviews by QMC show the zone between 50m and 100m depth is very poorly drilled and there is good potential to improve the resource within this zone.

<u>Exploration</u>
Internal reviews of the exploration potential by QMC during the period has identified a number of prospective areas within the White Range Project where further drilling has the potential to discover additional resources. This potential will be further assessed during the 2013 field season.

<u>Feasibility Studies</u>
Calder Maloney Pty Limited was contracted by QMC in April 2012 to commence a feasibility study update for the White Range Project (WRFS). The report included a rigorous review and gap analysis of the historic Matrix Metals 2005 BFS and all related technical documentation. Calder Maloney have focussed on a detailed review of the original base case, namely a multi-pit mining operation supplying copper ore to a central SX-EW heap leach processing plant near Greenmount with a capacity of 15,000tpa of copper cathode production for ~6 years. The study work completed involved a review and re-analysis of the pit optimisation and production schedules, principally for Greenmount and Kuridala.

Based on the report and its internal reviews QMC has identified a number of areas where it can potentially improve the scope and technical and economic merits of the project including:

- the significant increase in metal prices.
- potential to increase the resource base.
- potential to improve the mineable copper grades.
- potential to include gold and possibly cobalt credits
- potential to use processing routes other than just heap leaching to extract additional value from gold and cobalt credits.

QMC has a three stage strategy to upgrade the Feasibility Study by early 2014.

1. **January - June 2013 –** Complete resource development and expansion drilling and conduct initial metallurgical test work to assess alternative processing routes.
2. **July - December 2013** - Complete detailed systematic metallurgical test work and mining studies to identify the optimal mining and processing routes.
3. **September 2013 - March 2014 –** Complete Feasibility Study including engineering studies and economic evaluation.

Mineral Resources

Based on QMC's drill holes completed at the Desolation Prospect in the previous financial year, a maiden JORC compliant resource estimation was conducted during the six month period. A total indicated and inferred resource of 1.94 million tonnes at 0.66% Cu has been estimated.

Desolation Mineral Resource Estimate as at 17 September 2012 (0.2% Cu cut-off grade)

Category	Tonnes (Mt)	Cu (%)	Co (%)	Au (g/t)	Cu (t)	Co (t)	Au (oz)
Indicated	0.82	0.76	0.06	0.25	6,256	476	6,573
Inferred	1.12	0.59	0.04	0.16	6,618	494	5,780
Total	1.94	0.66	0.05	0.20	12,875	971	12,353

The Desolation Prospect is located only 3.5 km east of Greenmount and importantly from a development perspective, this resource is shallow (0 to 30m deep) and flat lying and is still open towards the west and to the north. A follow-up drill program in terms of both RC and diamond core holes has been proposed.

White Range Project – Resource Table

QMC Limited	**Resource**		**Grade**			**Metal Content**		
White Range Project	**Resource Category**	**Tonnes Mt**	**Copper %**	**Gold g/t**	**Cobalt %**	**Copper tonnes**	**Gold Oz**	**Cobalt tonnes**
Greenmount	Measured	1.0	1.3	0.5	0.06	12,446	15,754	588
	Indicated	6.2	0.7	0.3	0.05	43,470	59,897	3105
	Inferred	5.1	0.8	0.3	0.07	40,800	49,191	3570
	Total	**12.3**	**0.8**	**0.3**	**0.06**	**97,091**	**118,540**	**7374**
Kuridala	Measured	2.5	0.9	0.2	0.02	22,500	12,860	500
	Indicated	3.0	0.8	0.2	0.02	25,200	23,149	600
	Inferred	1.7	0.7	0.2	0.03	12,410	12,024	510
	Total	**7.2**	**0.8**	**0.2**	**0.02**	**59,760**	**48,612**	**1440**
Young Australian	Measured							
	Indicated	1.1	1.1	NA	0.01	12,654		133
	Inferred	1.0	0.8	NA	0.00	8,568		33
	Total	**2.1**	**1.0**	NA	**0.01**	**21,300**		**166**
Mt McCabe	Measured	1.0	1.2	NA	0.04	12,100		400
	Indicated	0.6	1.1	NA	0.03	6,600		192
	Inferred	1.0	0.9	NA	0.01	8,500		110
	Total	**2.6**	**1.1**	NA	**0.03**	**27,300**		**702**
Vulcan	Measured							
	Indicated	1.1	0.7	NA	0.01	6,825		137
	Inferred	0.4	0.6	NA	0.03	2,268		97
	Total	**1.4**	**0.7**	NA	**0.02**	**9,230**		**241**
Desolation	Measured							
	Indicated	0.8	0.8	0.3	0.06	6,232	6,591	492
	Inferred	1.1	0.6	0.2	0.04	6,608	5,761	448
	Total	**1.9**	**0.7**	**0.2**	**0.05**	**12,804**	**12,474**	**970**
Stuart	Measured							
	Indicated	2.1	0.9	0.2	NA	18,444	11,587	
	Inferred	0.2	0.7	0.2	NA	1,224	875	
	Total	**2.3**	**0.9**	**0.2**	NA	**19,694**	**12,516**	

Note – slight errors may occur due to rounding of numbers

Corporate

Management

Following the resignation of Mr Howard Renshaw as Managing Director on 23 October 2012, Mr Tony Martin was appointed interim CEO on 5 November 2012. He was subsequently appointed as Chief Executive Officer on 20 February 2013. The management team has been restructured with Mr Riccardo Vittino recently announced as the new part time CFO and Mr Doug McLean named as the Exploration Manager responsible for the Cloncurry operations. Dr Guojian Xu is the Company's Chief Geologist and Mr Stephen Maffey is the General Manager – Commercial and overseas the Company's legal functions.

With effect from 1 March 2013, the head office was relocated from the Sydney CBD to a small shared office in West Perth. The Management is currently undertaking a review of its costs and expenditure to reduce overheads and ensure optimal use of its financial resources to meet QMC's strategic objectives.

Capital Raisings and Financing

In the reporting period, the Company raised $5,001,616 capital in a series of placements in September 2012. Perfect Nation Global Limited ("PNG") invested in the placement and is currently QMC's largest shareholder.

On 23 November 2012 the Company issued a prospectus in relation to a 2 for 5 non-renounceable partially underwritten rights issue which closed in December 2012. This rights issue raised a total additional capital of $5.67 million, of which $2.88 million was received by 31 December 2012. The remaining capital was issued to offset the PNG loan after the year end (refer to the following paragraph).

On 2 November 2012 the Company entered into a $3 million unsecured loan from PNG. These funds were used to repay the $3 million loan from Tulla Resources Group Pty Ltd. In January 2013 the loan principal outstanding to PNG was reduced to $211,065 following the completion of the rights issue.

Joint Ventures

On 3 October 2012 the three agreements previously entered into with Ivanhoe Cloncurry Mining Pty Ltd, a wholly owned subsidiary of Ivanhoe Australia Limited, became unconditional. This is important to the development of the Company's flagship White Range Project. The Young Australian agreement gives QMC the right to exclusive exploration on 6 strategic sub blocks that are separated by 4 key QMC mining leases at Young Australian and East Drift. This opens up the existing resource and grants the right to the Company to obtain a mining lease over these 6 sub blocks if additional economically exploitable resources are discovered. The Kuridala agreement delivers beneficial protocols for developing this resource. The Stuart agreement grants Ivanhoe an option to acquire the Stuart mining lease which adjoins Ivanhoe's Victoria mine and is outside the geographic sphere of QMC's focus.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Anthony Martin, a Member of Australasian Institute of Mining and Metallurgy. Mr Martin is a full time employee of Queensland Mining Corporation Limited. Mr Martin 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. Mr Martin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Auditor's Declaration

The lead auditor's independence declaration under s307C of the Corporation Act 2001 is set out on page 9 for the half year ended 31 December 2012.

This report is signed in accordance with a resolution of the Board of Directors.

Yours faithfully,

Robert (Bob) Besley

Director

15th March 2013

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

As lead auditor for the review of Queensland Mining Corporation Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Queensland Mining Corporation Limited and the entities it controlled during the period.

Grant Saxon
Partner

BDO East Coast Partnership

Sydney, 15 March 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	31.12.2012 $	31.12.2011 $
Other revenue		22,883	166,143
Interest received		15,448	45,322
Professional and advisory fees		(256,667)	(385,979)
Corporate development expenses		(158,630)	(305,615)
Exploration expenses		(152,029)	(391,450)
Depreciation expense		(251,389)	(223,924)
Impairment of exploration and evaluation expenditure	7	(6,122,055)	-
Write off on mining licences		(25,000)	-
Impairment of property, plant, equipment		(493,844)	-
Share based payment		(79,530)	(106,828)
Employee benefit expense		(812,176)	(711,106)
Management expenses		(1,022,208)	(303,670)
Finance cost		(186,506)	(201,163)
Rental expenses		(151,962)	(155,412)
Insurance expense		(55,927)	(45,201)
Other expenses		(391,606)	(263,273)
Loss before income tax expense		(10,121,198)	(2,882,156)
Income tax expense		-	-
Loss for the period after income tax		(10,121,198)	(2,882,156)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period after tax		**(10,121,198)**	**(2,882,156)**
Basic and Diluted EPS (cents)		**(1.73)**	**(0.70)**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31.12.2012 $	30.06.2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,892,493	1,447,339
Trade and other receivables		645,839	745,390
Inventory		75,000	75,000
TOTAL CURRENT ASSETS		3,613,332	2,267,729
NON CURRENT ASSETS			
Mining licences	6	16,941,063	16,966,063
Exploration and evaluation expenditure	7	12,807,321	15,086,398
Property, plant and equipment		3,644,387	4,518,171
TOTAL NON – CURRENT ASSETS		33,392,771	36,570,632
TOTAL ASSETS		37,006,103	38,838,361
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,845,612	1,002,761
Financial liabilities	8	3,000,000	2,880,655
TOTAL CURRENT LIABILITIES		4,845,612	3,883,416
TOTAL LIABILITIES		4,845,612	3,883,416
NET ASSETS		32,160,491	34,954,945
EQUITY			
Issued capital	9	69,416,476	62,089,732
Share option reserve		2,995,191	2,995,191
Accumulated losses		(40,251,176)	(30,129,978)
TOTAL EQUITY		32,160,491	34,954,945

The above Statement of Financial Position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Issued Capital $	Share Option Reserve $	Accumulated Losses $	Total
Balance at 1.07.2011	56,294,905	2,695,191	(23,002,058)	35,988,038
Transactions with owners in their capacity as owners				
Share capital issued	1,551,000	-	-	1,551,000
Share issue cost	(105,828)	-	-	(105,828)
Share based payment	-	300,000	-	300,000
	57,740,077	2,995,191	(23,002,058)	37,733,210
Total comprehensive income for the period	-	-	(2,882,156)	(2,882,156)
Balance at 31.12.2011	57,740,077	2,995,191	(25,884,214)	34,851,054
Balance at 1.07.2012	62,089,732	2,995,191	(30,129,978)	34,954,945
Transactions with owners in their capacity as owners				
Share capital issued	7,880,797	-	-	7,880,797
Share issue cost	(554,053)	-	-	(554,053)
	69,416,476	2,995,191	(30,129,978)	42,281,689
Total comprehensive income for the period	-	-	(10,121,198)	(10,121,198)
Balance at 31.12.2012	69,416,476	2,995,191	(40,251,176)	32,160,491

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS
FOR HALF-YEAR ENDED 31 DECEMBER 2012

	Note	31.12.2012 $	31.12.2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,580,993)	(2,038,300)
Interest received		15,448	45,322
Interest paid		(211,986)	(125,547)
Net cash used in operating activities		(2,777,531)	(2,118,525)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(63,697)	(27,568)
Proceeds from sale of property, plant and equipment		2,000	-
Payment for exploration and evaluation expenditure		(3,319,162)	(2,011,839)
Net cash used in investing activities		(3,380,859)	(2,039,407)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of share issue cost		7,603,547	-
Deposit paid to third party		-	1,545,173
Proceeds from borrowings		3,000,000	2,903,414
Repayments of borrowings		(3,000,000)	-
Net cash provided by financing activities		7,603,547	4,448,587
Net increase in cash held		1,445,157	290,655
Cash at beginning of period		1,447,336	744,221
Cash at end of period		2,892,493	1,034,876

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

This financial report covers Queensland Mining Corporation Limited ("the Company') and its controlled entities ("consolidated entity") and was authorised for issue in accordance with a resolution of Directors on 15 March 2013.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half year financial report should be read in conjunction with the annual financial report of Queensland Mining Corporation Limited as at 30 June 2012 and any public announcement made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Queensland Mining Corporation Limited is a public company, listed on the Australian Stock Exchange, incorporated and domiciled in Australia. The company's operations comprise exploration for and evaluation of copper and gold resources within the Cloncurry region of Queensland.

a) Basis of preparation

The financial report has been prepared on the historical cost basis except as disclosed in the notes to the annual financial report.

b) Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2012.

Critical accounting estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2012 annual report.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

Presentation of items of Other Comprehensive Income

The Company adopted AASB 2011-9: *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* on 1 July 2012. AASB 2011-9 is mandatorily applicable from 1 July 2012 and amends AASB 101: *Presentation of Financial Statements*.

AASB 2011-9 amends the presentation requirements of other comprehensive income. It requires items of other comprehensive income to be grouped between:

- items that will not be reclassified subsequently to profit or loss; and
- those that will be reclassified subsequently to profit or loss when specific circumstances occur.

It also requires, when items of other comprehensive income are presented before the related tax effects with a single amount shown for the aggregate amount of income tax relating to those items, the amount of tax effect to be allocated between:

- items that will not be reclassified subsequently to profit or loss; and
- those that might be classified subsequently to profit or loss.

AASB 2011-9 also amends AASB 101 to change the title 'income statement' to statement of profit or loss' under the two-statement approach. Although other titles are also permitted, the Group has decided to use the title 'statement of profit or loss".

The adoption of AASB 2011-9 only changed the presentation of the Company's financial statements and did not have any impact on the amounts reported for the current period or for any prior period in the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012 (cont.)

NOTE 2: GOING CONCERN

During the period ended 31 December 2012, the consolidated entity made a net loss of $10,121,198 (2011: $2,882,156) and its net cash outflow from operations was $2,777,531 (2011: $2,118,525). The current liabilities also exceed the current assets by $1,232,280. These conditions give rise to a material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

The financial statements are prepared on a going concern basis based on the following:

a) The Company completed a two for five non–renounceable right issue in January 2013;

b) On 2 January 2013, the Group's outstanding loan of $3.0 million to Perfect Nation Global Ltd ("PNG") was reduced to $211,065 as per the sub-underwriter agreement with the Company. This was repaid through issue of shares following the completion of the rights issue; and

c) The Directors believe that the Company will be able to raise further necessary funds (either through equity or debt) should the need arise in the next 12 months. This is on the basis the Company has successfully raised capital and obtained debt financing in the past.

On this basis the Directors are of the opinion that the financial statements can be prepared on a going concern basis and the consolidated entity will be able to pay its debts as and when they fall due.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012 (cont.)

NOTE 3: CONTINGENT LIABILITIES AND COMMITMENTS

There are no significant changes to the contingent liabilities and commitments from the 2012 Annual Report.

NOTE 4: SEGMENT INFORMATION

The consolidated entity 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 consolidated entity's operating segment, as all exploration licences issued to the consolidated entity lie within this area of interest. Therefore the consolidated entity has one operating segment.

NOTE 5: DIVIDEND

No dividend has been declared or is payable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6: MINING LICENCES

	31.12.2012 $	30.06.2012 $
Opening balance	16,966,063	16,966,063
Write offs during the period/year	(25,000)	-
	16,941,063	16,966,063

NOTE 7 : EXPLORATION AND EVALUATION EXPENDITURE

Opening balance	15,086,398	12,738,126
Impairment	(6,122,055)	(2,000,000)
Capitalised during the period / year	3,842,978	4,348,272
	12,807,321	15,086,398

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.

During the period the consolidated entity has recognised an impairment loss of $6,122,055 on its copper licences. This impairment was recognised on the basis that certain exploration work which had been carried out was not recoverable.

NOTE 8: FINANCIAL LIABILITIES

CURRENT		
Unsecured loan	3,000,000	2,880,655

The unsecured loan carries interest rate of 10% and is payable on 30 June 2013. As set out in Note 10, on 2 January 2013, as part of the sub-underwriter agreement with the Group, the Lender has received $2,788,935 repayment of part of the principal sum by way of issue of shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 9: ISSUED CAPITAL

	31.12.2012 $	30.06.2012 $
817,648,478 fully paid ordinary shares) (30.6.2012 : 512,892,031)	69,416,476	62,089,732
Ordinary shares		
At the beginning of reporting period/year	62,089,732	56,294,905
Shares issued during the period/year	7,880,797	6,131,000
Options converted	-	2
	69,970,529	62,425,907
Less: Costs of capital raising	(554,053)	(336,175)
At the end of the reporting period/year	69,416,476	62,089,732
	No.	No.
At the beginning of reporting period/year	512,892,031	402,597,477
Shares issued during the period/year	304,756,447	110,294,554
At the end of the reporting period/year	817,648,478	512,892,031

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

In accordance with the non-renounceable rights issue and the sub-underwriting agreement with the Company as disclosed in the Rights Issue Prospectus dated 23 November 2012, a total of 75,376,609 shares at 3.7 cents per share were issued to Perfect Nation Global Ltd ("PNG") on 2 January 2013 to reduce the consolidated entity's outstanding loan to PNG by $2,788,935. The balance of the loan after the issue of these shares was $211,065.

Other than those disclosed above, the Directors are not aware of any other matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of its affairs.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

Robert (Bob) Besley

Director

Dated this 15 day of March 2013

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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Queensland Mining Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Queensland Mining Corporation Limited, which comprises the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Queensland Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Queensland Mining Corporation Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss of $10,121,198 during the period ended 31 December 2012 and had net cash outflow from operating of $2,777,531. The current liabilities also exceed the current assets by $1,232,280. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO East Coast Partnership

BDO

Grant Saxon

Partner

Sydney, 15 March 2013