

Queensland Mining Corporation Limited

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Quarterly Report

For the period ended 30 June 2013

31 July 2013

HIGHLIGHTS

Corporate

- Company focus to remain on new discovery and resource expansion at the Company's White Range Copper Project, where much exciting potential remains to be drill tested.
- Statement of Claim in the Federal Court against its former Managing Director, Mr Howard Renshaw and his controlled entity, Butmall Pty Ltd. The Statement of Claim pertains to the termination payments made to Renshaw of \$677,333 in aggregate. The Statement of Claim provides that the payments made to Renshaw were in contravention of section 200B of the Corporations Act 2001 (Cth) because no shareholder approval for such payments was sought.
- Board and Management changes to continue to reduce The Company's overhead costs.
 - Dr Lakshman to be appointed Chairman of the Board of Directors following the resignation of Dr Garry Lowder.
 - Head office to relocate to Sydney following management reductions.

Operations

- Cloncurry operations has focussed on developing a new strategy of exploration of the White Range Project with the aim of conducting drilling in the second half of 2013 with the aim of expanding the current White Range Resource base.
- Priority exploration targets have been identified at
 - Kuridala South
 - Copper Canyon
 - Chopper Ridge
 - Black Fort
 - Toby Barty
- All these targets occur within the White Range Project Tenements and limited historical exploration has identified areas of copper mineralisation either from previous drilling, or geochemical sampling.

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Exploration Activities Report

White Range Project

Regional Exploration Prospectivity

Most significant deposits in the White Range area including the defined resources (e.g. Greenmount, Mount McCabe, Vulcan and Desolation) are located proximal to the geological contact between the Marimo Shale and the underlying Staveley Formation.

This contact is interpreted to have acted as fluid pathways for hydrothermal and/or diagenetically derived Cu-Au-Co-K-Na bearing fluids. Greenmount the most significant deposit occurs in a valley covered by 2 to 4m of soil and alluvial cover.

QMC has a total strike length of this contact in excess of 60km within its tenement holding in south Cloncurry, most of which has had little or no historical exploration, in particular the prospective contact zone has had no significant under cover exploration. Of particular immediate interest is the eastern margin of the Marimo basin extending 25 kilometres from the Greenmount and Desolation Resources in the south to the northern extent of QMC tenements. Significant portions of this margin are covered by thin soil alluvial/elluvial cover which has effectively masked the additional Greenmount style of oxide copper deposits from being discovered by previous companies.

Structural interpretation combined with geochemical traversing in the form of soil sampling using field hand held XRF, RAB or aircore drilling will be planned to define targets for initial drill testing during the current field season. Prospective areas are currently being generated and prioritised for further field work, an example of an area currently being generated for detailed investigation is the Mt Martin/Speculation area covering several kilometres of contact zone. This area is east of the Desolation area in undulating country with very significant surface cover. Historical drilling of 5 RC holes at surface occurrence of outcrop produced the following results but no follow up work was completed:

| | |
|--------------|-----------------------|
| SRC03 | 36m @ 0.27%Cu from 1m |
| MRC01 | 19m @ 0.16%Cu from 0m |
| MRC02 | 18m @ 0.24%Cu from 0m |
| <i>and</i> | 9m @ 0.38%Cu from 30m |
| MRC03 | 15m @ 0.84%Cu from 0m |
| <i>Incl</i> | 8m @ 1.13%Cu from 4m |
| MRC04 | 24m @ 0.16%Cu from 0m |

Work during the current quarter, including historical data compilation and surface mapping, has highlighted a number of priority exploration targets. Locations of these targets are outlined on Figure 1 below.

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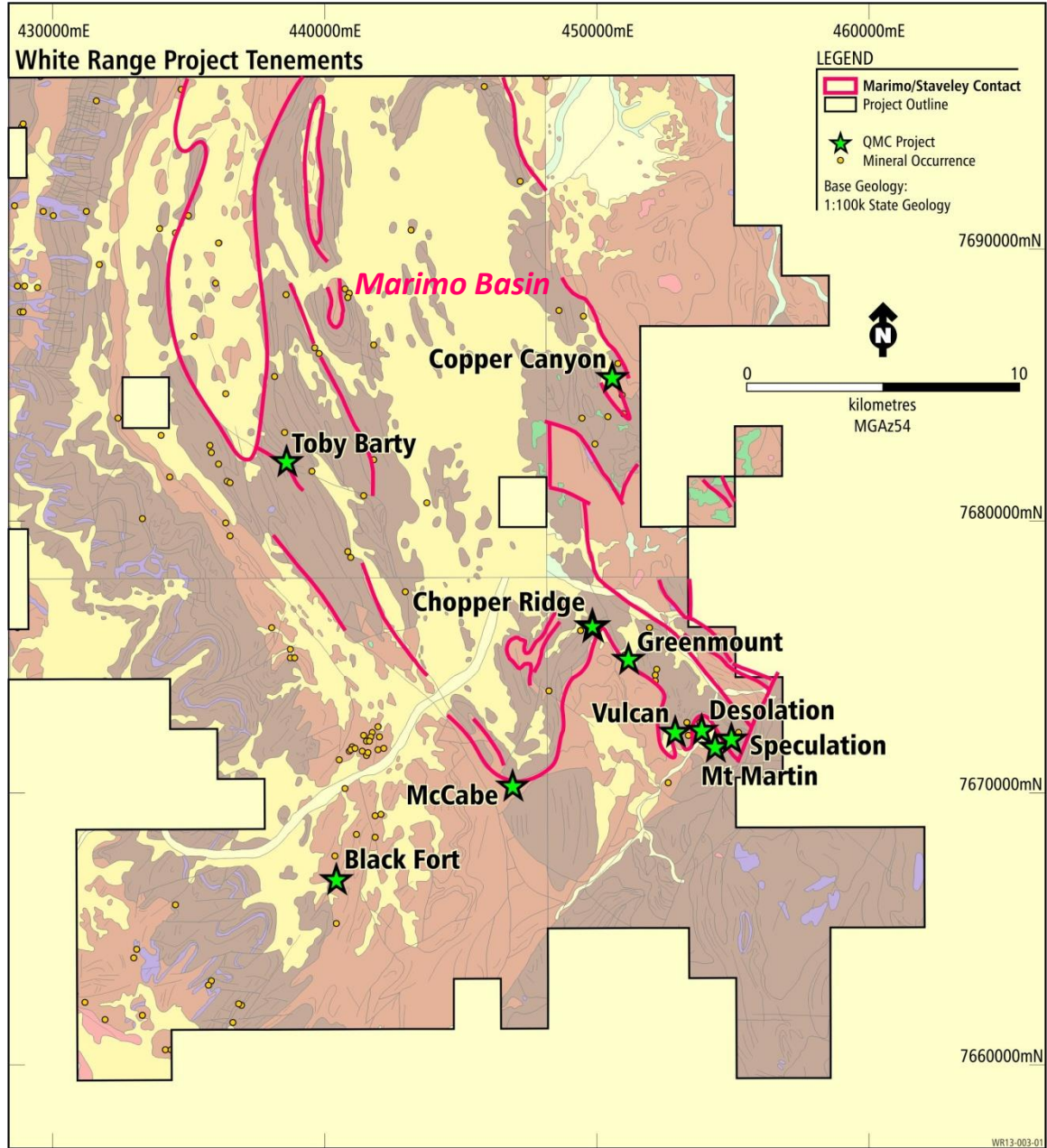


Figure 1 Regional geology of the White Range Project and Marimo Basin showing the target horizons for exploration.

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1. Copper Canyon Prospect

(MDL204, QMC 100%)

Copper Canyon is located approximately 8km north of Greenmount on the eastern margin of the Marimo Basin.

The bulk of historical exploration was performed by Homestake Ltd, prior to 1994, who were targeting gold mineralisation associated with copper occurrences. Work performed by Homestake included soil sampling, RAB drilling, RC drilling and one diamond drill hole, as a result they intersected a number of high grade copper intersections with limited follow up work. Since Homestake completed their exploration only two additional drill holes and limited soil sampling and a LAG programs have been completed at the Copper Canyon by subsequent exploration companies.

QMC have re-evaluated this information specifically immediately north of the outcropping ridge line of Copper Canyon in an area on the valley floor where outcrop is masked by several metres of soil and elluvial cover. Work by QMC has included mapping and trialling in the field hand held XRF soil analysis. This trial work has been successful and has been applied to southern extension of Copper Canyon defining an anomalous zone of copper near the hinge of the north plunging syncline (figure 2).

CCNRC27 **44m @ 1.88%Cu, 0.90g/t Au** from 64m
Including *8m @ 2.72%Cu, 1.44g/t Au from 64m*
And *18m @ 2.67%Cu, 1.08g/t Au from 88m*

CCNRC26 **16m @ 1.90%Cu, 1.23g/t Au** from 32m
Including *10m @ 2.74%Cu, 1.54g/t Au from 34m*

CCNRC36 **38m @ 0.36%Cu, 0.14g/t Au** from 0m
Including *12m @ 0.72%Cu, 0.20g/t Au from 4m*

Initial RAB drilling by Homestake identified anomalous copper over a 700m of strike length at Copper Canyon and the anomalism remains open to the north.

Follow up RC and diamond drilling identified an area of significant copper mineralisation under cover over approximately 200 metres of strike length and was drilling by Homestake returned three high grade copper intersections (Figure 3).

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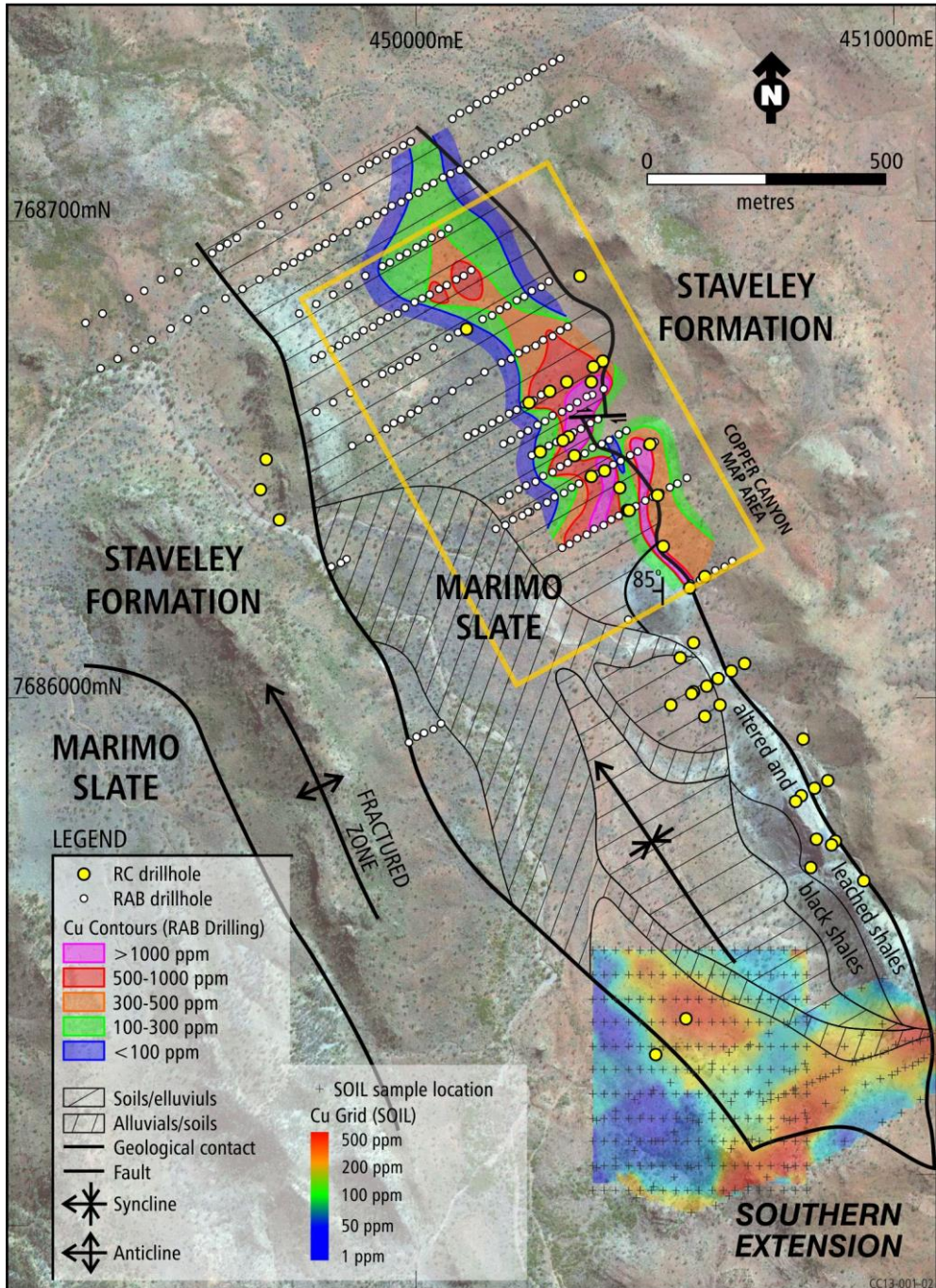


Figure 2 Copper Canyon area showing Geology and Geochem Surveys

Re-examination of previous data and surface geology indicates that within this area significant structural dislocation has occurred on the Staveley/Marimo contact, drilling similarly indicated highly variable depths of weathering. RAB drilling can be interpreted to indicate that the several other drillholes drilled in this area have either drilled over or below a continual prospective zone without intersecting the zone.

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A series of shallow (approx 60m deep) drillholes are being planned by QMC to initially define extent of mineralisation at shallow depths. With the aim to identify additional resources to add the White range inventory.

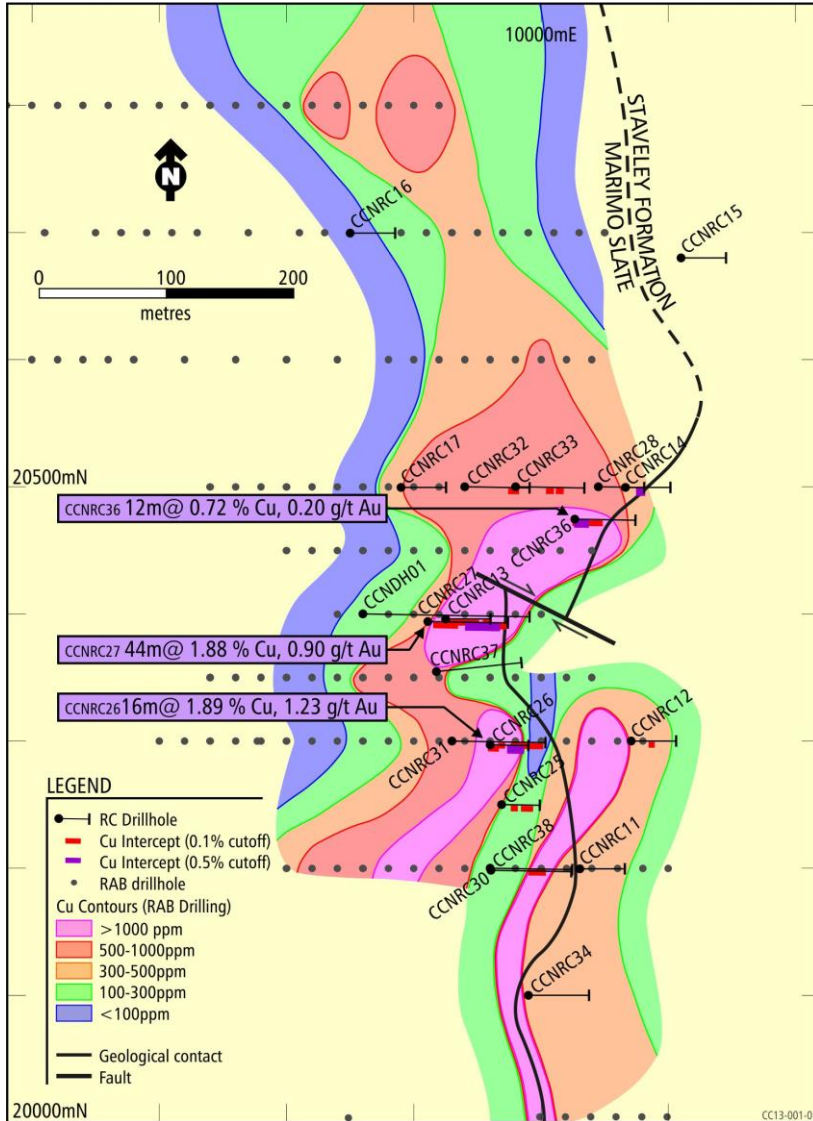


Figure 3 Copper Canyon - Historical Drilling Results - with contours showing anomalous copper in RAB drilling and followup RC drilling

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2. Chopper Ridge prospect

(EPM15897, QMC 100%)

Chopper Ridge is located approximately 35km south of Cloncurry and adjacent to the large Greenmount resource.

Historical work outlined anomalous copper-in-soil trend in excess of 3.5km long using a 200ppm Cu contour, which remains open to northeast along strike (figure 4). The geochemical anomaly coincident with the Marimo Staveley contact which in this area is characterised by the extensive development of alteration, brecciation, copper grass development and occasionally visible surface copper mineralisation up to 20 metres wide.

Initial drilling of two holes in the central part of the anomaly by Matrix Metals in 2006 returned intersections up to **7m at 1.6g/t Au** from surface.

QMC's internal review of the geology and previous drilling suggests the two holes targeting the outcropping copper mineralisation were actually drilled sub-parallel to the mineralised zone, suggesting further drilling is required to fully test this anomaly.

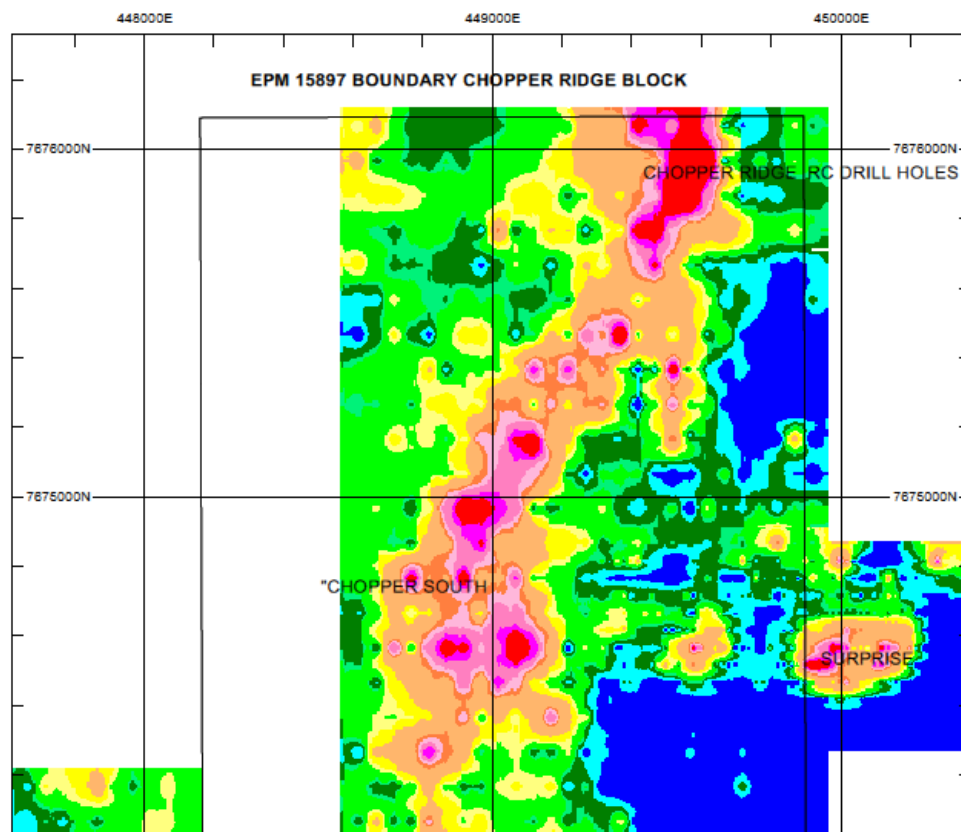


Figure 4 Chopper Ridge copper in soil image

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3. Kuridala South Prospect

(ML90081, QMC 100% to 100m depth)

A review of existing data and field verification/mapping has been undertaken for the immediate 2 kilometre southern strike extension of the Kuridala Resource.

The southern extension has two parallel zones of mineralisation, the direct extension of the main Kuridala resource (western zone) and an eastern zone approximately 70m to the east. The surface expression of the western zone includes sporadic surface gossanous quartz zone while the eastern zone is gossan poor quartz veining (Figure 4).

Historical RAB drilling south of the Resource had identified a 600m long zone of anomalous copper (>1,000 ppm) and two follow up RC drill holes spaced 110m apart and located 500 metres south of the Kuridala resource intersected shallow secondary copper on the eastern zone (figure 5). The results included:

| | |
|------------------|---|
| HRC006 | 18m @ 0.96%Cu, 0.52g/t Au from 4m |
| <i>Including</i> | <i>8m @ 1.21%Cu, 0.68g/t Au from 4m</i> |
| <i>And</i> | <i>4m @ 1.19%Cu, 0.75g/tAu from 14m</i> |

| | |
|---------------|----------------------------------|
| HRC060 | 6m @ 1.10%Cu, 0.95g/tAu from 12m |
|---------------|----------------------------------|

No follow up drilling has been carried out and exploration by QMC will aim to drill to test the extent of the mineralisation. Because of the proximity to the main Kuridala resource this target is seen as a high priority target to add additional resource to the Kuridala area.

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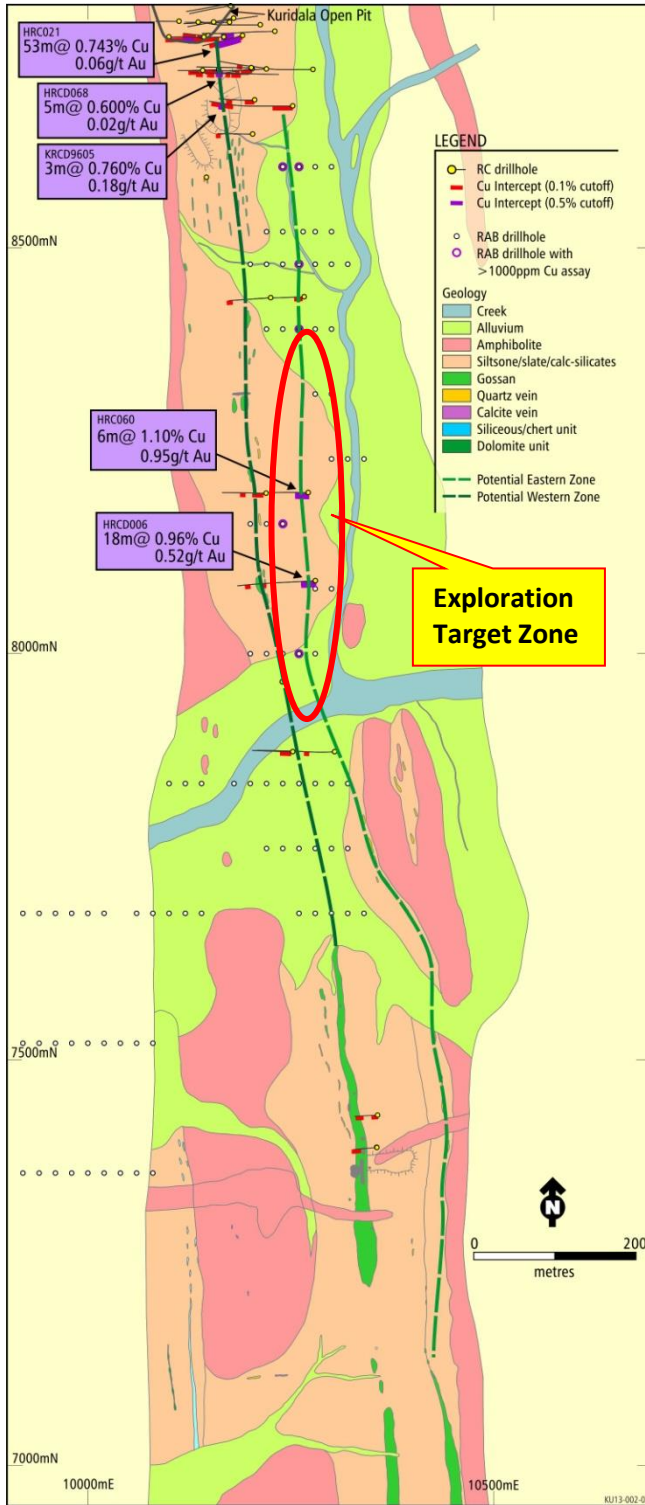


Figure 5 Kuridala South Geology showing historical drilling results

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4. Black Fort prospect (EPM17602, QMC 70%)

The Black Fort prospect is located approximately 45km south southwest of Cloncurry and 12 kilometres south west of Greenmount and forms part of the White Range project.

Although it is hosted in a different geological horizon it is considered part of the White Range project and has potential for the discovery of addition resources. Mineralisation at Black Fort is hosted in the Overhang Jaspilite which also hosts the large Rocklands copper deposit near Cloncurry which is currently being developed by Cudeco Limited.

Previous exploration by QMC has identified a 1 kilometre long structural zone with widespread alteration, broad copper mineralisation, moderate magnetic anomaly and old workings.

Drilling by QMC in 2010 intersected wide spread copper mineralisation with results including **17m at 1.51% Cu** and **57m at 0.69% Cu** (see Figure 6 below). The mineralisation remains open along strike and at depth. Follow-up drilling is planned to test the potential extent of this prospect in the latter part of the 2013 field season.

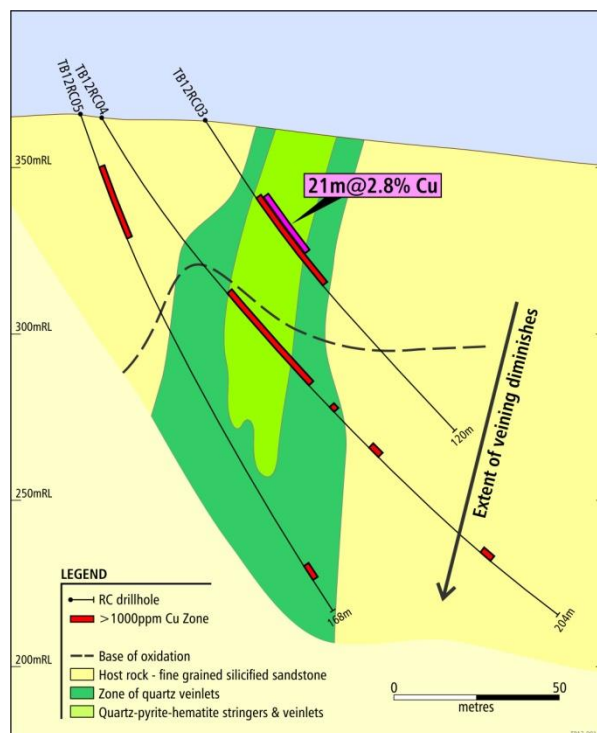


Figure 6. Black Fort cross section showing previously announced drilling results by QMC.

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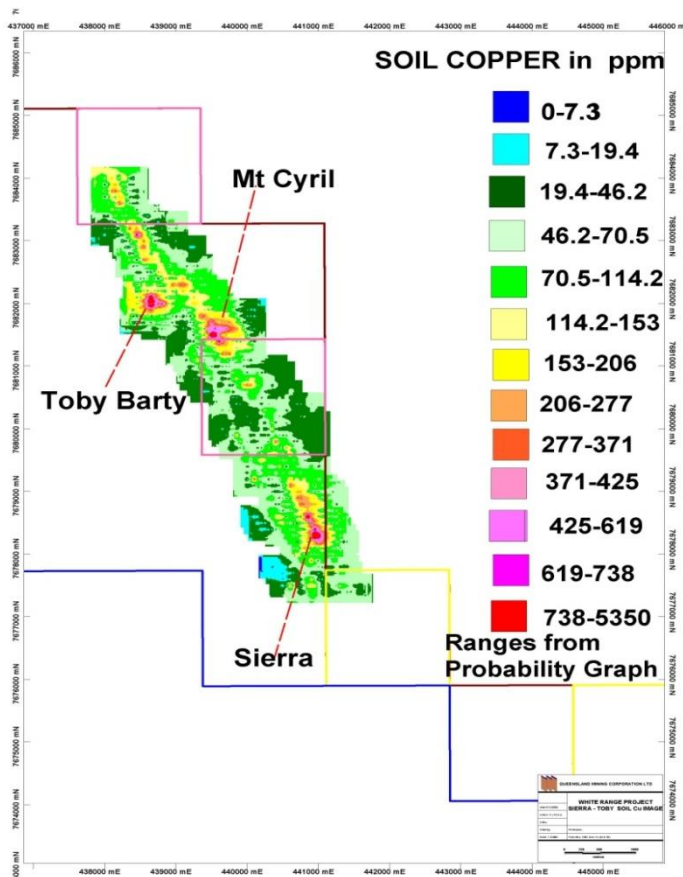
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5. Tony Barty Prospect (EPM15897, QMC 100%)

Toby Barty prospect is located approximately 30 kilometres SSW of Cloncurry and 13 kilometres NW of Greenmount, mineralisation follows secondary faults associated with a major thrusting system developed along the contact between the Marimo Shale and the underlying Staveley Formation. These thrust fault zones are geochemically anomalous in copper (Figure 7).

QMC has previously reported a significant interval of **21m at 2.8% Cu** from initial drill testing (5 RC holes for 816m) undertaken in 2012. This intercept occurs in a zone of extensive quartz-pyrite-hematite veinlets within silicified fine grained sandstone of the Staveley Formation (Figure 8). This mineralisation is still open to south with possible depth extension and further work is underway to identify drill targets to test these potential extensions in late 2013.



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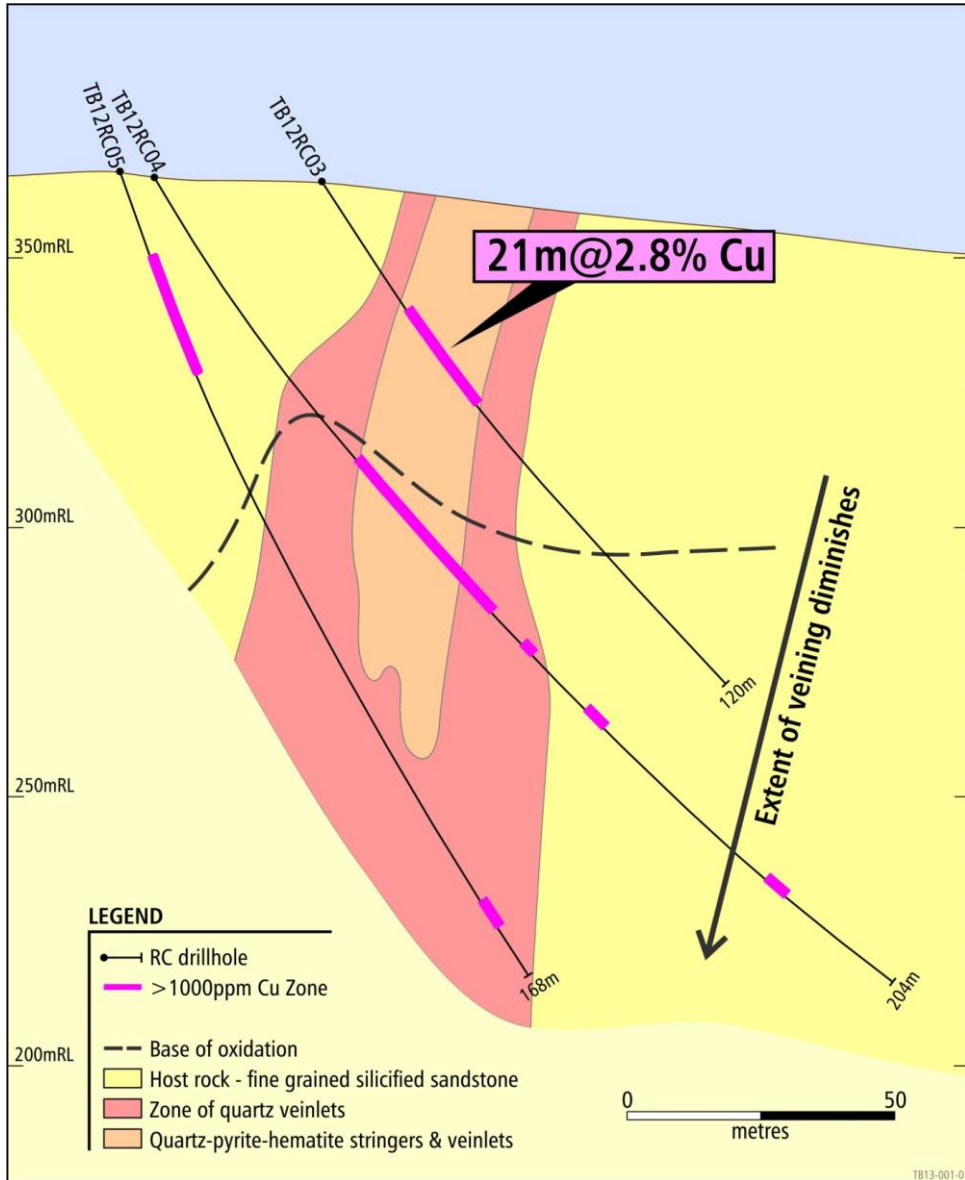


Figure 8 Toby Barty Cross Section showing Copper Intercept

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Greenmount Prospect

(ML90134, QMC 100%)

Following the finalisation of all drilling results from the 2012 RC and Diamond Drilling at Greenmount an updated JORC resource estimation is currently nearing completion and is expected to be release within the next week.

Metallurgical Assaying (Sequential Copper)

During the Quarter QMC received the results of a program Sequential Copper Assaying of intersections of contiguous copper mineralisation at Greenmount. These results aim provide indications of metallurgical recovery for heap leach processing and can also indicate with multi-element assaying and mineralogy the type of copper mineral species.

A total of 858 one metre samples were analysed from the 30 QMC drill holes drilled at Greenmount in 2012.

Averaging the individual assays into grade ranges the sequential copper leach recovery was greatest for the highest grade assays. (see Table below)

| Grade Range (%Cu) | % Leached | No of Assays |
|-------------------|-----------|--------------|
| >2 | 95 | 180 |
| 1 – 2 | 90 | 210 |
| 0.5 – 1 | 85 | 208 |
| 0.2 – 0.5 | 80 | 173 |

Petrological, XRD and electron microprobe work performed by previous companies and supported by multielement analysis indicates principal oxide minerals are malachite, conicalcite, chrysocolla and cuprite, supergene minerals are chalcocite, digenite and covellite while primary minerals are principally chalcopyrite with minor bornite and enargite. (Figure 9)

Sequential copper leach characteristics indicate a predominance of copper oxide minerals at shallow depth (to approx 50m) with a small residual portion of lower grade which appears associated with clay and exhibits low recovery. Below approx 30-50m depth the deposit has a predominance of supergene copper minerals with a component of copper oxide minerals ranging 5 to 40%, this portion appears scattered throughout the deposit (Figure 10).

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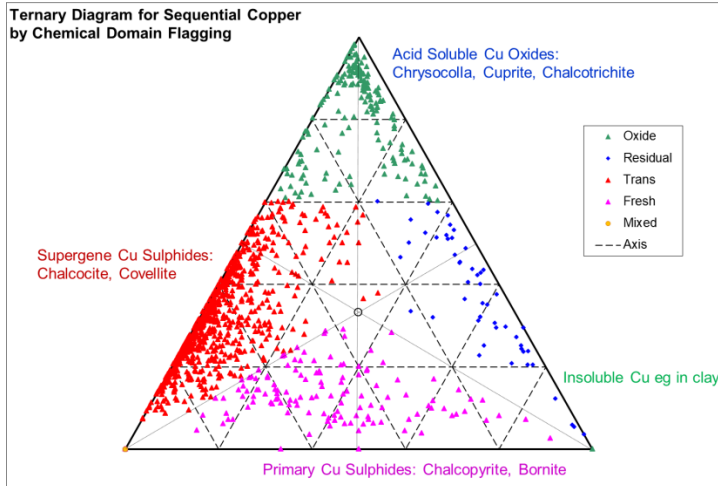


Figure 9 Sequential Analysis Ternary Diagram

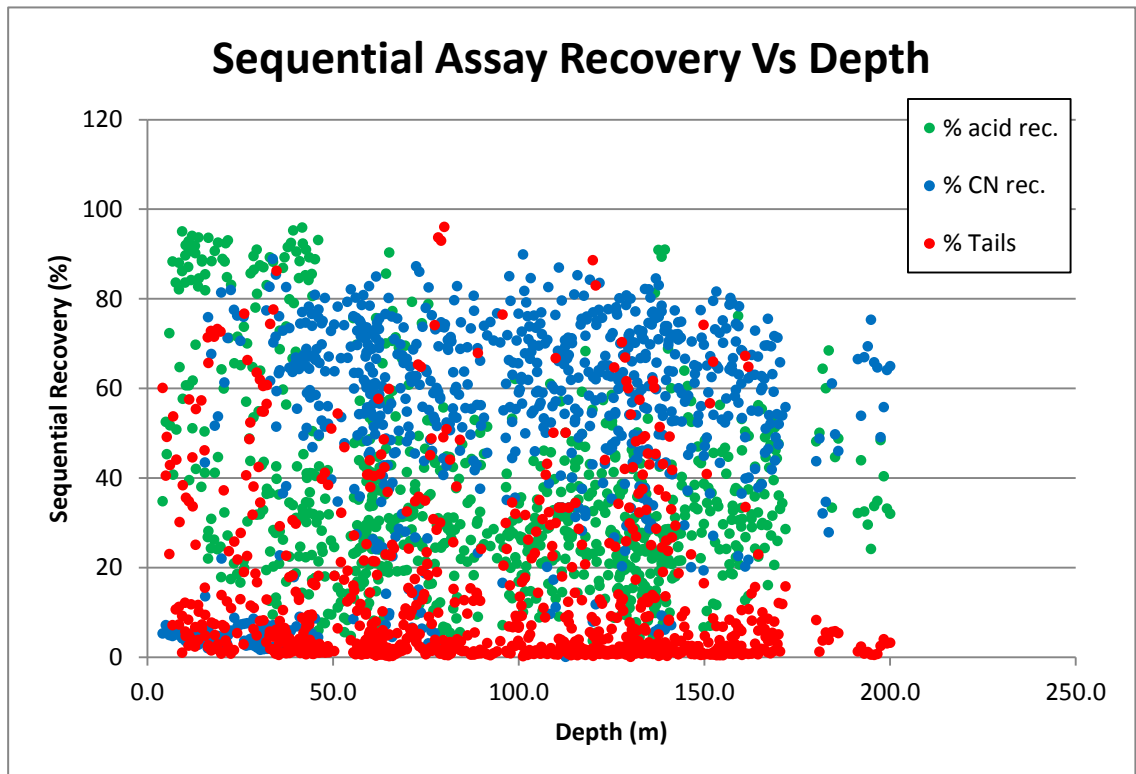


Figure 10 Copper Sequential Assays with Depth

Gold is very closely associated with high grades of copper, average grade of gold for copper grades greater than 5% Cu is 3g/t Au, for 2-5% Cu is 1.43g/t Au, for 1-2% Cu is 0.65g/t Au and for 0.5 – 1%Cu is 0.35g/t Au respectively. Cobalt appears to have a limited association with copper and can occur overlapping or separate from copper.

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Cobalt occurs in two associations, firstly with pyrite and a second higher grade association of principally glaucodot.

Following completion of Greenmount resource estimate, a database of information can be compiled coupled with previous feasibility metallurgical work sufficient for a metallurgical program to be designed to enable test work to proceed to test for optimal treatment options.

Corporate Activities

During the Quarter the Board recognized that the current market situation requires the Company to adopt a more conservative fiscal strategy, with a strong emphasis on the reduction of operating costs. Against that background, an offer made to QMC to provide a corporate headquarters in Sydney (sharing facilities with another company) has been accepted by the board because it will reduce head office overhead costs by at least half. The relocation of the head office is planned to happen in late August to early September.

The board strongly believes that it is extremely important to reduce the overhead and administrative costs of QMC to a minimum, so that the focus can remain on new discovery and resource expansion at the company's White Range Copper Project, where much exciting potential remains to be drill tested. Once the changes currently underway have been implemented the Company will be in a stronger position to deliver on the promise that we see so clearly at White Range. It should be remembered that, in addition to the existing resources at Greenmount, Kuridala and Young Australian, QMC has some outstanding new targets close by where limited previous drilling has produced strongly encouraging intersections that are yet to be followed up. The Company's geologists are presently working on the ground at some of these prospects, aiming to define drill targets more closely and ensure that future drilling will test these targets in the most optimal manner.

The Company currently has an issued share capital of 869,999,817 shares. As at 30 June 2013 the Company had cash of \$1.34m in the bank.

Subsequent to the end of the Quarter QMC announced on 9 July that it had filed a Statement of Claim in the Federal Court against its former Managing Director, Mr Howard Victor Renshaw and his controlled entity, Butmall Pty Ltd. DFK Richard Hill has been named as third defendant in the Statement of Claim, but solely in its capacity as the holder of various monies in its trust account on behalf of Mr Renshaw.

The Statement of Claim pertains to the termination payments made to Renshaw of \$677,333 in aggregate.

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The Statement of Claim provides that the payments made to Renshaw were in contravention of section 200B of the Corporations Act 2001 (Cth) because no shareholder approval for such payments was sought.

During the Quarter the Company announced a number of Board and Management changes:

- On 1st May Dr Garry Lowder was appointed as Chairman of the Board following the resignation of Mr Brian Rear as a Non Executive Director. Dr Lowder subsequently resigned as a member of the Board on 29th July for personal reasons.
- On 21 June Mr Jun Qui was appointed a Non Executive Director following the resignation of Mr Bob Besley. Ms Joyce Wang was also appointed as Mr Qui's alternate Director.
- Subsequent to the end of the Quarter Dr Lakshman Jayaweera was appointed the role of the Chairman of the Board of Directors on 30 July 2013, previously he was a Non Executive Director.
- On 30 of June Mr Tony Martin (CEO) and Mr Ric Vittino (Company Secretary and CFO) tendered their resignation agreeing to serve out their 3 month notice period.
- On 8th July the Company appointed Mr Eddy Wu as a Corporate Advisor.

For further details please contact:

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Chairman, QMC
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Email: office@chemmet.com.au

Yours sincerely

Lakshman Jayaweera
Chairman
Queensland Mining Corporation Limited

or visit our website at: www.gmcl.com.au

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 fulltime 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.