QUEENSLAND MINING CORPORATION LIMITED

A.B.N. 61 109 962 469

ANNUAL REPORT
For The Year Ended
30 June 2013

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CHAIRMAN'S REPORT

Dear Shareholder

The past financial year has been a very challenging one for the Company, having to implement significant changes to the board and the management which we believe was inevitable at the time. Needless to say the changes carried out have proved to be a good outcome and it is pleasing to note that we are already witnessing significant cost reduction in the Company is now in an ideal position to target the growth of the White Range Assets.

At the beginning of the year, the company was incurring unsustainable expenditure within a high cost structure however towards the end of the year, with the board changes, we have been able to achieve a low ongoing overhead costs and a well focussed exploration company with the view to improve the shareholders' value in the future.

During the year, the Company recorded a loss $ 20.3 million which includes impairment of $14.6 million. This was based on a very thorough review undertaken by the board and the management as to realisable value of the assets in the Company.

As previously informed, in my last shareholders update, the Company has a strong, experienced board and an excellent management team. I am also pleased to note that the recent appointment of Mr Eddy Wu as the CEO of the Company will add further strength in steering this Company forward. We now have a new focussed strategy in place with the vision to succeed.

In regard to our existing assets, we firmly believe that the Company is strategically placed with a very valuable resource, especially within the White Range Project, where the Company has already established significant resources on which to base growth and development of the project with the ultimate aim of producing Copper and Gold. Our focus now is on targeting new discoveries within White Range with the view to increasing our resource base as we believe this will potentially increase our assets value. In this regard, we are in the process of prioritising some of the target areas for drilling activities nearby to the already defined resources. We intend to start initial drilling of these targets before the end of the year subject to weather conditions.

I take this opportunity to thank the board and the management in supporting me through this difficult time in order to achieve our objectives and finally I would also like to thank all our shareholders for their continuing support.

Dr. Lakshman Jayaweera
Chairman

DIRECTORS' REPORT
For the year ended 30 June 2013

Your Directors present this report on the Group for the financial year ended 30 June 2013.

Directors

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

Dr Lakshman Jayaweera (Appointed 21 January 2013)

Mr Jun Qiu (Appointed 21 June 2013)

Mr Eddy Wu (Appointed 8 August 2013)

Mr John Bradley (Alternate to Dr Lakshman Jayaweera, Appointed 10 April 2013)

Mrs Joyce Wang (Alternate to Mr Jun Qiu, Appointed 21 June 2013)

Mrs Cathie Wu (Alternate to Mr Bob Besley, Appointed 16 March 2012, appointed Director 9 October 2012 and resigned on 8 August 2013)

Dr Garry Lowder (Appointed 23 April 2013, Resigned 29 July 2013)

Mr David Usasz (Appointed 15 June 2007, Resigned 28 February 2013)

Mr Howard Renshaw (Appointed 8 July 2004, Resigned 21 January 2013)

Mr Richard Hill (Appointed 1 October 2009, Resigned 30 November 2012)

Mr Brian Rear (Appointed 19 May 2011, Resigned 30 April 2013)

Mr Robert (Bob) Besley (Appointed 16 March 2012, Resigned 20 June 2013)

Company Secretary

The following person/s held the position of Company Secretary at the end of the financial year and at the date of this Report:

Mr Riccardo Vittino holds Bachelor of Commerce Degree (UWA) and is a Fellow of the Institute of Company Directors of Australia. He has extensive expertise in the resources sector in Australia and overseas spanning over 25 years.

Mr Pipvide Tang, was appointed as Chief Financial Officer and Company Secretary (on part time basis) on 8 August 2013. Pip is a member of CPA Australia and has a Masters degree in Business Administration (UNE). He has over 25 years' experience acting as a CFO and company secretary for publicly listed companies in Australia and overseas.

Principal Activities

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

Operating Results

The Group's loss for the year after tax amounted to $20,314,357 (2012: $7,127,920). This loss includes impairment losses of $14,661,419 (2012: $2,481,104) as a result of a thorough review undertaken by the board as to the realizable value of assets held.

Dividends Paid and Recommended

There is no dividend paid or recommended during the financial year.

DIRECTORS' REPORT
For the year ended 30 June 2013

REVIEW OF OPERATIONS

Introduction

Cloncurry field operations during the 2012/13 Financial Year saw the Company focus its work on development and upgrading of the White Range Project resources. Significant drilling programs were completed at two of the Companies principle resources, Greenmount and Young Australian. In addition, an extensive review of the exploration potential to grow the White Range resource base identified a number of high priority targets for additional exploration drilling in the coming year.

As a result of the work over the past twelve months the Company believes the project has significant potential to increase its resource base along strike from the existing resources and will initially focus on exploring this potential in upcoming FY with the aim of improving the robustness and longevity of an economic operation.

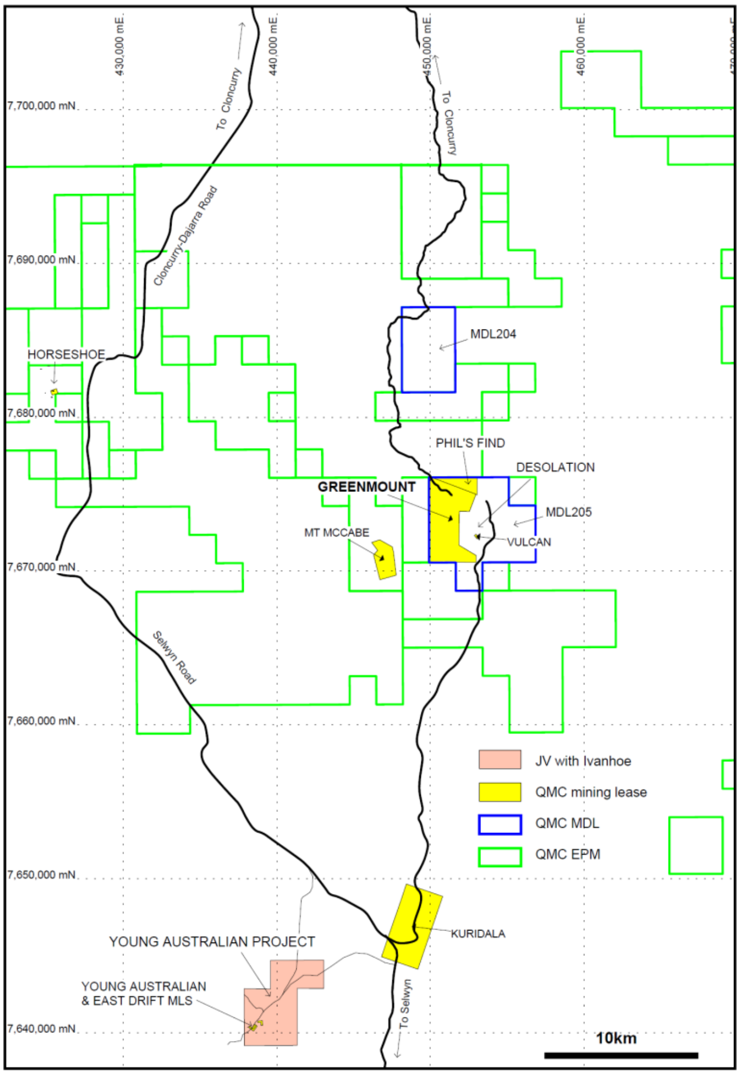

Figure 1. White Range Project Location
White Range Project

Greenmount Prospect (ML 90134 QMC 100%)

The Greenmount Prospect hosts the largest of the White Range resources and during the year a total of 4950 metres of Reverse Circulation drilling and 1360 metres of Diamond Drilling were completed to increase the confidence levels in the resource.

Infill drilling of the resource intersected a number of significant zones of Copper mineralisation not previously recognized, in particular, within the transitional (or Chalcocite rich) zone between 50 and 200 metres depth (see example in Figure 2). Significant results during the year included;

• **GM12RC06**	**72m at 2.4% Cu and 0.9g/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**
• **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**
and	**10m at 2.4% Cu and 0.6g/t Au from 154m**
• **GM12RCD10**	**18m at 5.7% Cu and 2.3g/t Au from 156m**
including	***3m at 13.1% Cu and 4.9g/t Au from 158m***

As a result of the drilling the Company released an updated resource in August 2013.

At a 0.2% Cu cut-off grade is

Total Mineral Resource:	**12.7Mt @ 0.74% Cu containing 93.8Kt Cu**
Comprising	
Measured Mineral Resource:	1.2 Mt @ 1.26% Cu, 0.46g/t Au, 0.07% Co
Indicated Mineral Resource:	7.7 Mt @ 0.75% Cu, 0.30g/t Au, 0.06% Co
Inferred Mineral Resource:	3.8 Mt @ 0.57% Cu, 0.20g/t Au, 0.04% Co

At a higher 0.5% Cu cut-off grade

Total Mineral Resource:	**5.3Mt at 1.31% Cu containing 69.8Kt Cu**
Comprising	
Measured Mineral Resource:	0.8 Mt @ 1.61% Cu, 0.51g/t Au, 0.07% Co
Indicated Mineral Resource:	3.3 Mt @ 1.31% Cu, 0.43g/t Au, 0.07% Co
Inferred Mineral Resource:	1.2 Mt @ 1.10% Cu, 0.32g/t Au, 0.05% Co

The estimate was completed by Golder Associates Pty Ltd an independent consultant. Full details of the Resource estimate are included in the ASX release dated 07/08/2013.

Greenmount is an oxide and transitional copper-cobalt-gold deposit previously assessed by the Matrix Metals feasibility study in 2004 for acid heap leach processing where copper is the principal element of interest. 71% of the resource copper metal is located within several consistent zones of alteration that present a higher grade core zone. The resource estimate at a 0.5% cut off grade also identifies a higher grade zone that will be an important focus of ongoing development studies. Figure 2 below shows a section through the higher grade portion of the resource.

The drilling program at Greenmount successfully converted all resources within the historical Matrix Metals pit design (2005 Feasibility Study) to either Measured or Indicated Mineral Resources. Some small loss of tonnage during this conversion was offset by slightly higher average copper grade estimates. Infill drilling in high metal areas was successful in adding confidence to resource.

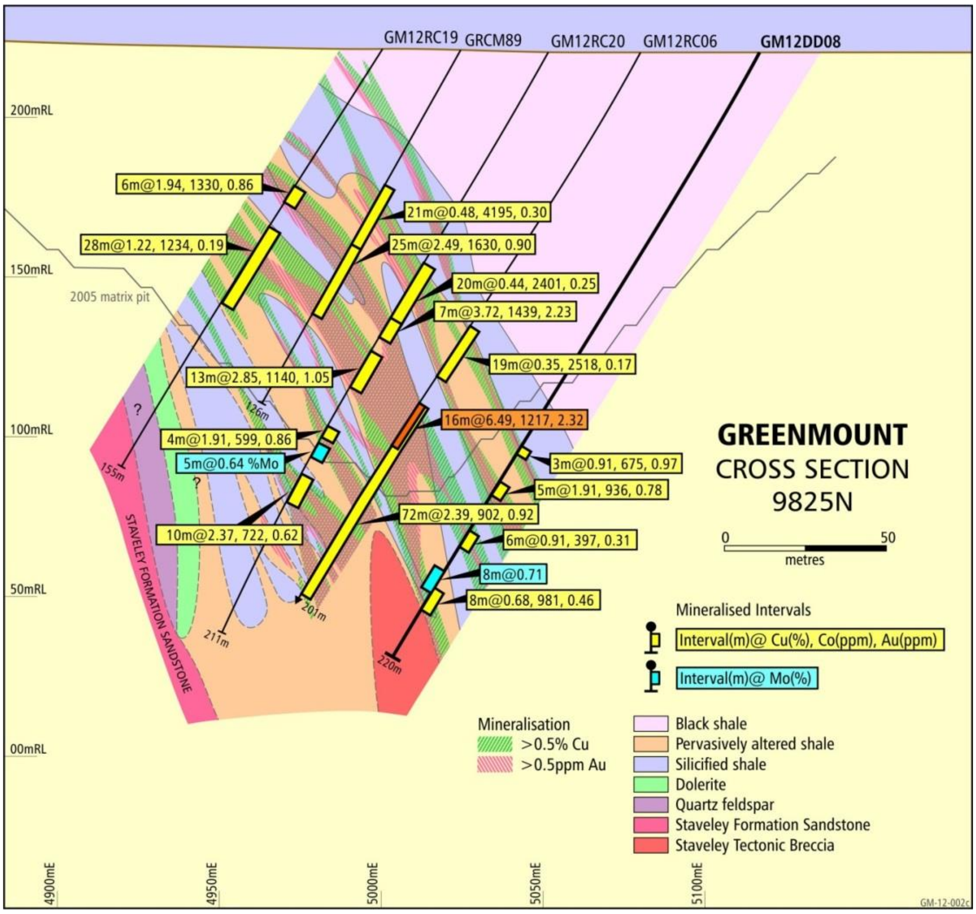

Figure 2. Greenmount cross section showing high grade Chalcocite intersection in hole GM12RC06

Kuridala Prospect (ML90081, QMC 100% to 100m depth)

The Kuridala Prospect hosts one of the most significant resources within the White Range Project. It is located approximately 30km south of Greenmount. Currently it has a reported resource estimate of 7.2Mt at 0.84% Cu, 0.21g/t Au and 0.02% Co. This resource represents one of the two largest (along with Greenmount) within the White Range Project.

The current resource remains open along strike and a review of the data by QMC has identified potential to increase this resource to the south of the current limits.

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 gossanous quartz zone while the eastern zone is gossan poor quartz-malachite veining (Figure 3).

Historical RAB drilling south of the southern extension 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 significant widths of shallow oxide copper along the eastern zone (Figure 3). The historical results included:

HRCD006	18m @ 0.96%Cu, 0.52g/t Au from 4m
HRC060	6m @ 1.10%Cu, 0.95g/t Au from 12m

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

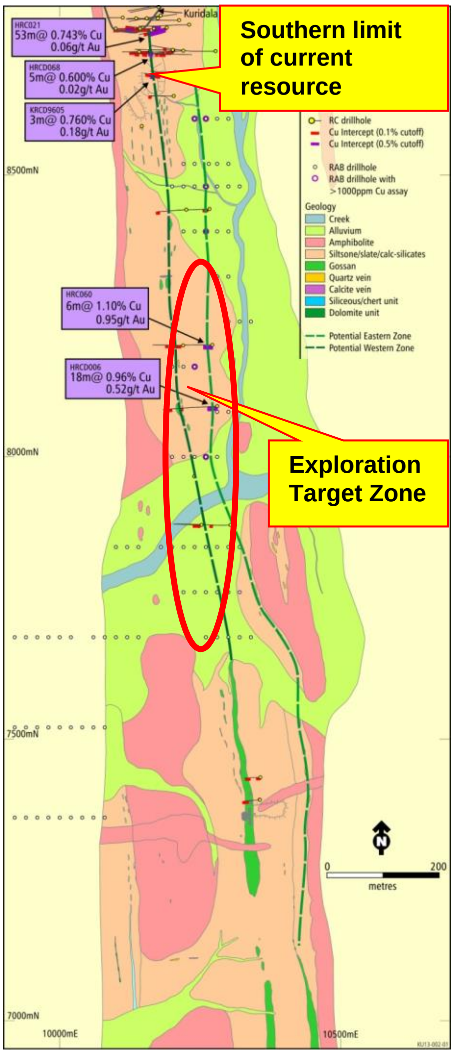

Figure 3. Southern extension of Kuridala showing Geology and historical drilling results

Young Australian Prospect (ML's 7511, 7512, 90084, 90099)

The Young Australian prospect is located approximately 70km south southwest of Cloncurry. 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. The Young Australian prospect has an existing JORC resource of 2.1 Mt @ 1.0% Cu contained within the Company's existing Young Australian and East Drift mining leases.

QMC drilled a total of 18 RC holes for 2,494m at Young Australian during the year. The holes were designed primarily to test the continuity of mineralization 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 (Figure 4). Significant drill intercepts from the program include:

- **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 (Figure 4, Young Australian long section). Three holes drilled in the immediate north of the East Drift mining lease have identified extension of mineralization 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 mineralized 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 for the 2013 field season with to aim to increase the JORC resources.

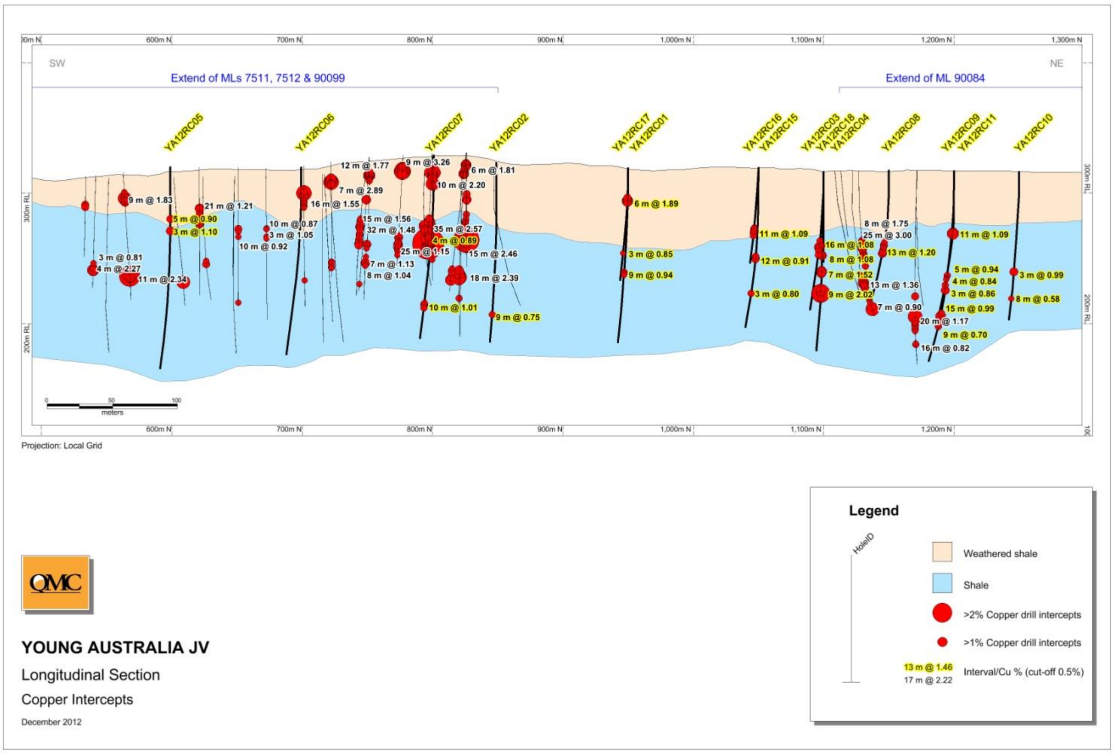

Figure 4. Young Australian- long section showing both historical and QMC (2013 FY) drill intercepts highlighted in yellow

Desolation Prospect (MDL 205)

The Desolation copper prospect is located about 3.5 km southeast of the Greenmount Resource. Drilling during the previous year outlined an extensive area of shallow oxide copper mineralisation. During the current year QMC announced a maiden resource of 1.94Mt at 0.66% Cu (see detail table below). The resource still remains open along strike and Desolation has potential to add significant additional resources to the White Range Project.

At a 0.2% Cu cut-off grade is

Total Mineral Resource:	**1.94Mt @ 0.66% Cu containing 12.875Kt Cu**
Comprising	
Indicated Mineral Resource:	0.82 Mt @ 0.76% Cu, 0.25g/t Au, 0.06% Co
Inferred Mineral Resource:	1.12 Mt @ 0.59% Cu, 0.16g/t Au, 0.04% Co

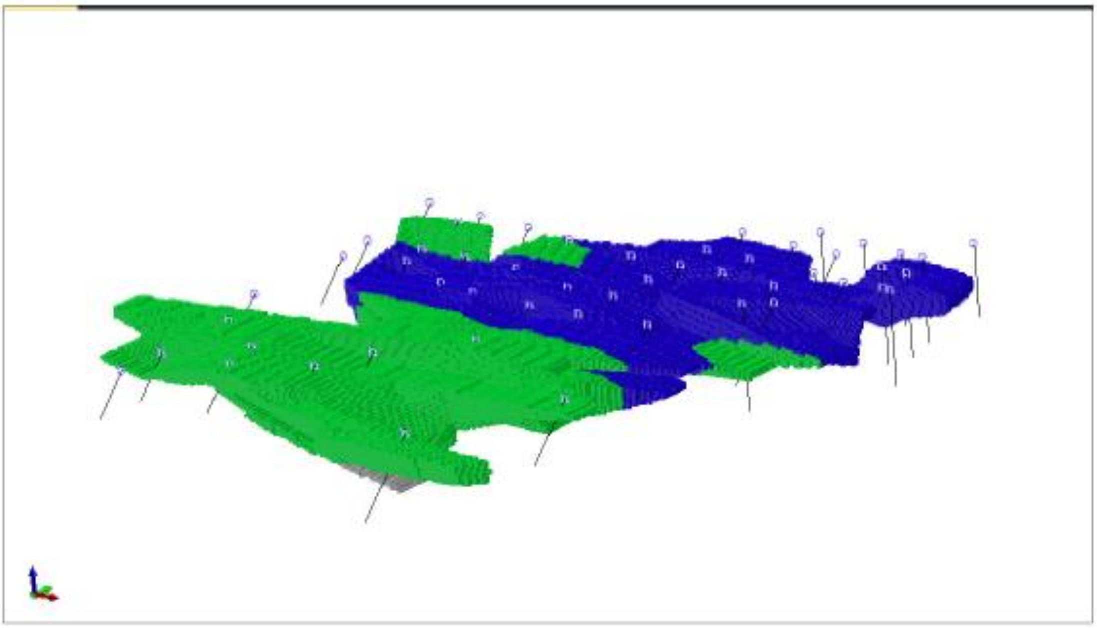

Figure 5. 3D view of the Desolation deposit with drillhole collars (Resource category colours; blue-Indicated; green-Inferred).

White Range Regional Exploration Potential

Most of the 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 priority 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.

As a result of the review QMC have identified a number of high priority exploration targets with potential to expand the White Range resource which are listed below and shown on Figure 6. All of these targets have historical drilling intercepts with intersections greater than 1% Cu but require additional followup drilling.

Priority Exploration Targets

1. Copper Canyon
   - 8 Km north of Greenmount
   - Historical drilling including 44m at 1.9% Cu and 0.9g/t Au
   - 500+ metre long Cu geochemical anomaly
2. Chopper Ridge
   - 2km NW of Greenmount
   - Historical drilling up to 7m at 1.6g/t Au.
   - Old workings and visible copper mineralisation up to 20m wide
   - Anomalous Cu in soil over 3.5km long zone coincident with extensive alteration and brecciation
3. Black Fort
   - 12km SW of Greenmount
   - Previous QMC drilling results up to 17m at 1.5% Cu
   - 1 km long structural zone with anomalous surface copper.
4. Toby Barty
   - 12 km NW of Greenmount
   - Previous QMC drilling results up to 21m at 2.8% Cu
   - Strike potential yet to be tested.

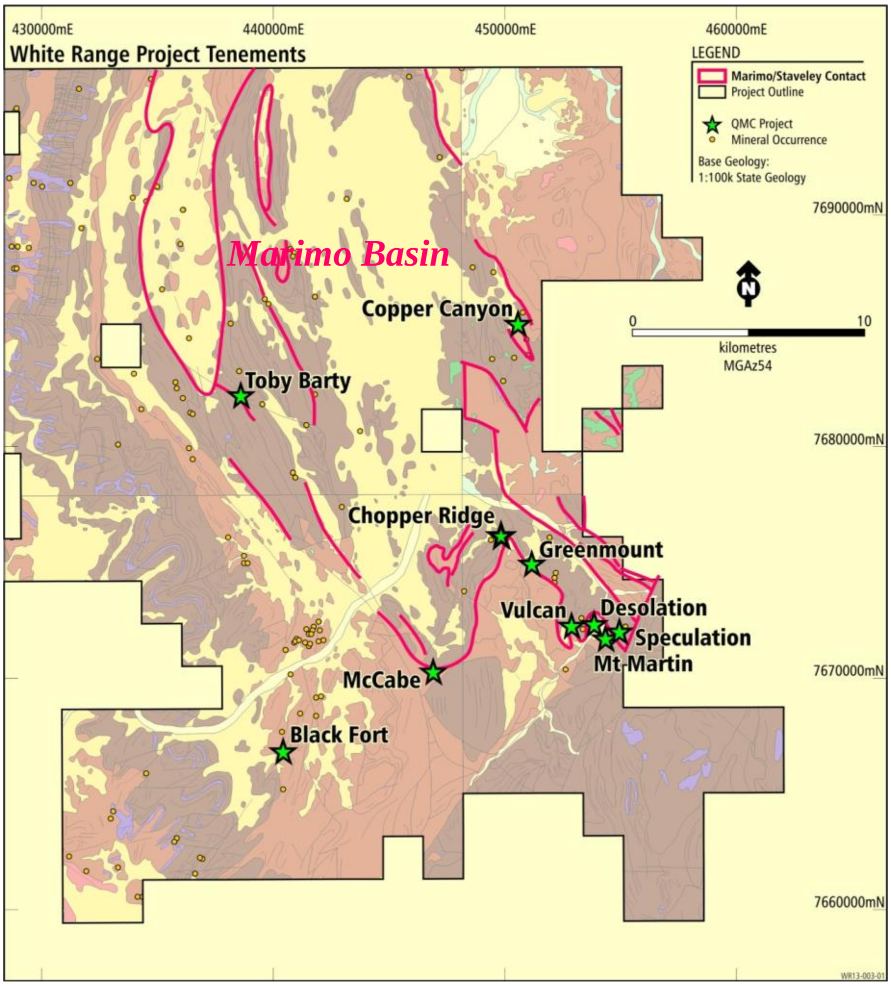

Figure 6. Regional geology of the White Range Project and Marimo Basin showing the target horizons for copper and gold exploration.

MINERAL RESOURCES ESTIMATES – SUMMARY
(as at 20 September 2013)

White Range Project – Mineral Resources Estimate

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	1.2	1.3	0.5	0.07	14,616	17,156	788.8
	Indicated	7.7	0.8	0.3	0.06	57,900	74,461	4323.2
	Inferred	3.8	0.6	0.2	0.04	21,546	24,306	1625.4
	Total	**12.7**	**0.74**	**0.3**	**0.06**	**94,062**	**115,923**	**6737.4**
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**	
TOTAL		**30.2**	**0.8%**			**244,150**	**189,525**	**10,257**

MINERAL RESOURCES ESTIMATES – SUMMARY (Cont)
(as at 20 September 2013)

Non White Range projects – Mineral Resources Estimate

QMC Limited	Resource		Grade			Metal Content		
Other Projects	Resource Category	Tonnes Kt	Copper %	Gold g/t	Cobalt %	Copper tonnes	Gold Oz	Cobalt tonnes
Guilded Rose	Measured							
	Indicated	22.7		5.1			3,750	
	Inferred	120.8		4.0			15,650	
	Total	**143.5**		**4.2**			**19,400**	
Mt Freda	Measured							
	Indicated							
	Inferred	1,600.0		1.7			89,000	
	Total	**1,600.0**		**1.7**			**89,000**	
Flamingo	Measured							
	Indicated							
	Inferred	117.0	6.0	1.8		7,020	6,771	
	Total	**117.0**	**6.0**	1.8		**7,020**	**6,771**	
Horse Shoe	Measured							
	Indicated	280.0	1.4	0.1	0.02	3,830	985	53
	Inferred	680.0	1.5	0.1	0.01	10,304	2,874	96
	Total	**960.0**	**1.5**	**0.1**	**0.02**	**17,134**	**3,859**	**149**

Competent Persons Statements

The information in this report that relates to Mineral Resources, Exploration Results and Exploration Targets is compiled by QMC technical employees under the supervision of 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 2012 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.

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Anthony Martin and Dr Guojian Xu who are Members of the Australasian Institute of Mining and Metallurgy. Mr Martin is a fulltime employee of Queensland Mining Corporation Limited and Dr Xu is a consultant to QMC through Redrock Exploration Services Pty Ltd. Mr Martin and Dr Xu have 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 2012 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Mr Martin and Dr Xu consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Financial Position

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 and was completed in January 2013. 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.

On 13 March 2013 the Company raised a further $1.94 million as result of placements under the Shortfall Provisions relating to the Rights Issue.

Environmental Issues

The Group is aware of the alleged non-compliance of certain of its environmental authorities (EA's). The Company has addressed a number of the matters and continues to discuss outstanding issues with DEPH. No enforcement action is contemplated in relation to these matters.

Significant Changes in State of Affairs

The Board undertook a thorough review of the assets of the Group and agreed on impairment of $12,021,424 (2012: $2,481,104) on its mining licences and exploration and evaluation expenditure and $2,564,994 on its plant and equipment.

After Balance Date Events

On 9 July 2013 the Company filed a Statement of Claim in the Federal Court of Australia against its former Managing Director, Mr Howard Victor Renshaw and his controlled entity Butmall Pty Ltd. DFK Richard Hill was named as a 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 in the amount of $677,333 in aggregate.

On 30 July 2013 the Company appointed Dr Lakshman Jayaweera as Chairman. On 1 September 2013 the Company appointed Mr Eddy Wu as Chief Executive Officer.

On 29 August 2013 Mr Howard Victor Renshaw and his controlled entity Butmall Pty Ltd filed a defense to the aforementioned Statement of Claim lodged by the Company on 9 July 2013. In addition the parties lodged a Counter Claim against the Company on the 29 August 2013 for the amount of: $110,000 plus interest at 12% per annum back dated to 21 December 2012; $161,894 plus GST; damages; interest; plus costs on an indemnity basis. The Directors believe the Counter Claim is without merit.

Likely Developments and Expected Results of Operations

The Group has completed an updated resource estimate at Greenmount

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

DIRECTORS' REPORT
For the year ended 30 June 2013

Information on Directors

Dr Lakshman Jayaweera, MSc and PhD (UNSW)
Independent Non-executive Director
(Appointed a director on 21 January 2013 and the Chairman on 30 July 2013)

Dr Jayaweera is a chemical engineer by profession with over 30 years of experience in the field of resource recovery sector in Australia, including his career success with Rio Tinto (formerly, CRA Ltd) from 1980 to 1986. He was the founder of Hydromet Corporation Limited, a company specialising in metallurgical processing and metal recycling field in Australia. During his tenure in the company from 1990 to 2012, he held various positions including the position as a Managing Director and Executive Chairman. Dr Lakshman currently serves as the Chairman of the board of investment of Sri Lanka, which is the premier agency responsible for attracting foreign direct investment into the country.

Former directorships (in the last 3 years): Hydromet Corporation Limited

Dr Garry Lowder, BSc (Hons) University of Sydney, PhD (the University of California at Berkeley) and the Advanced Management Program at the Harvard Business School.
Independent Non-executive Director
(Appointed a director and Chairman on 1 May 2013, Resigned 29 July 2013)

Dr Lowder is a geologist with more than 40 years' experience in the Australian and international mining industry, where his main emphasis has been on the exploration for, and development of, copper-gold deposits in Australia and Indonesia. He is an experienced company director, having served on several boards, including Straits Resources Limited (14 years) and Malachite Resources Limited (15 years), and is currently Chairman of Dome Gold Mines Limited, an unlisted Australian junior mining company with interests in Fiji. He also served for four years as Director General of the NSW Department of Mineral Resources.

Former directorships (in the last 3 years): Straits Resources Limited, Malachite Resources Limited

Mr Eddy Wu, BSc, MSc and MCom
Executive Director and CEO
(Appointed a director on 8 August 2013 and the CEO on 1 September 2013)

Mr Wu graduated from the University of Science and Technology, Beijing. He holds a Master's Degree in Commerce (Finance) from the Australian National University and a Master's Degree in Science from Cass Business School, City University London. Mr Wu has a strong finance and management background and has worked as CEO/MD of several resources companies in Australia. As the first CEO of Murray Zircon Pty Ltd, he successfully completed the development and start-up of Mindarie Mineral Sands project in South Australia.

Former directorships (in the last 3 years): None

Mr Jun Qiu, EMBA
Non-executive Director
(Appointed 21 June 2013)

Mr Qiu is a director and shareholder of Great Tang Brothers Resource Investment Pty Ltd., a major shareholder of the Company. He is a well-regarded businessman based in Xian, China with over 20 years' experience in China's resources sector. He is involved in a wide range of business activities which includes steel processing, commodity logistics and real estate development. He is currently a representative of Xian People's Congress.

Former directorships (in the last 3 years): None

Mr John Bradley,
Alternate Director to Dr Jayaweera
(Appointed 10 April 2013)

Mr Bradley attended what is now the Applied Chemistry Faculty of the University of NSW after completing High School in Sydney's North Shore. In 1969 he started Bituminous Products in Sydney which spread to become a nationwide supplier in the road products field. He sold Bituminous in 2006, after purchasing Hardman Chemicals in 2000. Mr Bradley has extensive experience in chemical manufacturing and mining area.

Former directorships (in the last 3 years): None

Mrs Joyce Wang, CPA , MCom (USYD)
Alternate Director to Mr Qiu
(Appointed 22 June 2013)

Mrs Wang is also a director of Great Tang Brothers Resource Investment Pty Ltd. She is an experienced CPA with over ten year's financial accounting experience covering business services, tax, and commercial roles.

Former directorships (in the last 3 years): None

Mr David Usasz B Com, FCA
Independent, Non-Executive Chairman
(appointed a director on 15 June 2007, Resigned 28 February 2013)

David Usasz was a corporate finance partner with PricewaterhouseCoopers for more than 20 years. He gained extensive experience in Asia and Australia in International tax, mergers and acquisitions. He holds a Bachelor of Commerce and is a fellow of the Institute of Chartered Accountants. David is also a non-executive director of Ambre Energy Ltd (since January 2008), Cromwell Property Group (since July 2007) and non-executive director of Queensland Investment Corporation Limited (since November 2011) which is a Queensland Government-owned corporation.

Former directorships (in the last 3 years): None

Mr Howard Renshaw
Managing Director and Deputy Chairman
(appointed a director on 08 July 2004, Resigned 21 January 2013)

Howard Renshaw founded QMC and was active in building the Company's business plan. Howard has extensive experience in Corporate and Capital Markets, funding of Mining, Oil and Gas mergers and acquisitions, and feasibility studies for major mining projects. He has been appointed by governments for major restructuring of infrastructure and operations at ports, rail lines, railways and related industries. Howard has also represented the agricultural industry at State and Federal level in Australia and former director of the NSW Grain Handling Authority for 7 years.

Former directorships (in the last 3 years): None

Mr Richard Hill B Com, FCA
Executive director
(appointed a director on 01 October 2009, Resigned 30 November 2012)

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

Former directorships (in the last 3 years): None

Mr Brian Rear
Independent Non-Executive Director
(appointed a director on 19 May 2011, Resigned 30 April 2013)

Brian is a graduate of the Western Australian School of Mines (AWASM Metallurgy), The Royal School of Mines (MSc London, DIC, Mineral Process Design) and holds a Master Degree in Business Leadership (MBL) from the Business School of the University of South Africa. He is a member of the Australian Institute of Company Director, MAICD. Brian has extensive internationally work and management experience. He has first-hand experience in copper processing and metallurgical recovery, gold, uranium, base metals, thermal coal, mineral sands and industrial minerals. Brian was a founding director of CEO of Straits Resources Limited. Brian is the current Chief Executive Officer of Millennium Minerals Ltd since September 2009.

Former directorships (in the last 3 years): None

Mr Robert (Bob) Besley
Independent Non-Executive Director
(appointed a director on 16 March 2012, Resigned 20 June 2013)

Robert holds a Bachelor of Science (Hons) in Geology from the University of Adelaide. He is currently Chairman of Silver City Minerals Ltd and a director of Erin Mineral Resources Pty Ltd. Robert is a former deputy chairman of the NSW Minerals Council. He founded and was managing Director of CBH Resources Ltd. Robert is a highly respected geologist with over 45 years experiences in the mineral industry in Australia and internationally.

Directorships in other listed companies (in the last 3 years): KBL Mining Limited, Silver City Minerals Limited.

Mrs Cathie Wu
Non-Executive Director.
(appointed a director on 9 October 2012, Resigned 8 August 2013)

Cathie holds a Bachelor of Science from Fudan University and a MPhil (Research) in InfSys from the University of New South Wales. She has a strong background in business analysis and was formerly a project development manager at UBS SDIC Fund Management Company in China. For the past 5 years Cathie has been involved in corporate analysis and investment in the mining industry. Cathie is currently a director of THTF Australia Mining Pty Ltd.

Former directorships (in the last 3 years): None

Directors' Meetings

The number of Directors meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Director's Meetings	
	Entitled to Attend	Attended
Dr Lakshman Jayaweera	5	5
Dr Garry Lowder	2	2
Mr David Usasz	9	8
Mr Jun Qiu	1	0
Mr Howard V Renshaw	8	8
Mr Richard Hill	6	5
Mr Brian Rear	9	9
Mr Robert Besley	11	10
Mrs Cathie Wu	10	10
Mr John Bradley	3	2
Mrs Joyce Wang	4	4

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

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

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each key management person of Queensland Mining Corporation Ltd, and the executives receiving the highest remuneration.

Remuneration Policies

The remuneration policy, which sets the term and conditions for the key management personnel, was developed by the remuneration committee after seeking professional advice from independent consultants and was approved by the Board. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The remuneration committee reviews executive packages annually by reference to Group performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The performance of executives is measured against criteria agreed half yearly which is based on the forecast growth of the Group's profits and shareholders value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

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

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

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

The payment of bonuses, options and other incentive payments are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%. Some individuals, however, may choose to sacrifice part of their salary to increase payments toward superannuation.

All remuneration paid to key management is valued at cost to the Group and expensed.

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

Non-executive directors remuneration

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

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 28 November 2011, where the shareholders approved an aggregate remuneration of $300,000.

Executive remuneration

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

The executive remuneration and reward framework has two components:

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

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

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

Response to vote Against 2012 Remuneration Report

At the Group's 2012 Annual General Meeting, the Group received votes against its Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote. In other words, Queensland Mining Corporation Limited received a "First Strike" against its 2012 Remuneration Report.

In these circumstances, the Corporations Act 2001 requires the Group to include in this year's Remuneration Report, an explanation of the Board's proposed action in response to that First Strike or, alternatively, if the Board does not propose any action, the Board's reason for such inaction.

The Directors and Key Management Personnel remuneration has been a key priority for the Board this year with a restructuring process being initiated in early 2013 and resulted in a complete change in the Board of Directors and the replacement of most of the Key Management Personnel. The Board now consists of three directors and their remuneration packages were formulated to be comparable to other companies of similar size and operations. The number of Key Management Personnel was also reduced significantly as part of the restructuring process. The remuneration packages of those new recruited Key Management Personnel were closely examined by the Remuneration Committee to ensure their remuneration packages are comparable to Key Management Personnel of other companies of similar size and operations.

The Board is confident that appropriate action has been taken in the last few months to address the concerns relating to the 2012 Remuneration Report. The Board believes that the current remuneration arrangements for its Directors and Key Management Personnel are fair, reasonable and appropriate under the circumstance and support the growth and strategic direction of the Group.

DIRECTORS' REPORT
For the year ended 30 June 2013

Details of Remuneration

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

The Key Management Personnel of the Group consisted of the Directors and Senior Management of the Group.

2013

	Short- term benefits			Post-employment		Long- term benefit		
Director	Director's fee and salary $	Bonus $	Others $	Super-annuation $	Total $	Other $	Share-based payment $	Total $
Executive Directors								
Mr Howard Renshaw	430,032	-	-	108,333	**538,365**	290,871*	-	290,871
Non – Executive Directors								
Mr David E Usasz	-	-	-	-	**-**	-	-	-
Dr Garry Lowder	12,000	-	-	-	**12,000**	-	-	-
Dr Lakshman Jayaweera	21,280	-	-	-	**21,280**	-	-	-
Mr Brian Rear	50,416	-	-	-	**50,416**	-	-	-
Mr Richard Hill	41,333**	-	-	-	**41,333**	-	-	-
Mr Robert Besley	50,800	-	-	-	**50,800**	-	-	-
Mrs Cathie Wu	32,000	-	-	-	**32,000**	-	-	-
Mr Jun Qiu	-	-	-	-	**-**	-	-	-
Alternate Directors								
Mr John Bradley	-	-	-	-	**-**	-	-	-
Mrs Joyce Wang	-	-	-	-	**-**	-	-	-
Total	**637,861**	**-**	**-**	**108,333**	**746,194**	**290,871**	**-**	**290,871**

** Entitlement paid in relation to: termination payment $240,000; and annual leave $13,822 (reimbursement of accumulated leave); and long service leave $37,049 (reimbursement of accumulated leave)- These amounts were paid to Butmall Pty Ltd to reimburse that company for annual leave and long service leave entitlements whilst the subject of the services contract.*

*******Including company secretary fee - $28,000*

	Short- term benefits			Post-employment		Long- term benefit		
Key Management Personnel	KMP fee and salary $	Bonus $	Others $	Super-annuation $	Total $	Others $	Share based payment $	Total $
Mr Anthony Martin	100,667	-	-	8,333	**109,000**	-	-	-
Mr Riccardo Vittino	59,176*	-	-	-	**59,176**	-	-	-
Mr Stephen Maffey	250,000	-	-	16,875	**266,875**	-	-	-
Total	**409,843**	**-**	**-**	**25,208**	**435,051**	**-**	**-**	**-**

******Including Company Secretary fee - $28,000*

DIRECTORS' REPORT
For the year ended 30 June 2013

2012

	Short- term benefits			Post-employment		Long- term benefit		
Director	**Director's fee and salary $**	**Bonus $**	**Others $**	**Super-annuation $**	**Total $**	**Bonus $**	**Others $**	**Super-annuation $**
Executive Directors								
Mr Howard Renshaw	285,000	50,000	40,000*	-	**375,000**	-	-	-
Non – Executive Directors								
Mr David E Usasz	28,151	25,500	-	-	**53,651**	-	-	-
Mr Brian Rear	55,000	-	-	-	**55,000**	-	-	-
Mr Richard Hill	88,000**	-	-	-	**88,000**	-	-	-
Mr Robert Besley	16,000	-	-	-	**16,000**	-	-	-
Total	**472,151**	**75,500**	**40,000**		**587,651**	**-**	**-**	**-**

***In relation to FY2011 for the successful acquisition and settlement of the White Range project in December 2010. Performance was assessed by the Remuneration Committee pursuant to the management/service contract.*

***Including company secretary fee - $48,000*

Number of Options held by Directors and Key Management Personnel

	Balance 30.06.12 No.	Options granted No.	Options Exercised/ Expired No.	Balance as at 30.06.13 / date of resignation No.	Vested and exercisable No.	Unvested No.
Dr Lakshman Jayaweera	-	-	-	-	-	-
Mr Eddy Wu	-	-	-	-	-	-
Mr Jun Qiu	-	-	-	-	-	-
Mr John Bradley	-	-	-	-	-	-
Mrs Joyce Wang	-	-	-	-	-	-
Mrs Cathie Wu	-	-	-	-	-	-
Dr Garry Lowder	-	-	-	-	-	-
Mr David Usasz	2,750,000	-	2,750,000	-	-	-
Mr Howard Renshaw	3,250,000	-	3,250,000	-	-	-
Mr Richard Hill	1,000,000	-	1,000,000	-	-	-
Mr Brian Rear	-	-	-	-	-	-
Mr Robert (Bob) Besley	-	-	-	-	-	-
Mr Stephen Maffey	1,000,000	-	-	1,000,000	-	-
Total	**8,000,000**	**-**	**7,000,000**	**1,000,000**	**-**	**-`**

DIRECTORS' REPORT
For the year ended 30 June 2013

Number of Shares held by Key Management Personnel

	Balance 30.06.12	Acquired during the year	Disposed during the year	Balance as at 30.06.13 / Date of resignation
	No.	No.	No.	No.
Dr Lakshman Jayaweera	-	25,181,057	-	25,181,057
Mr Jun Qiu	-	125,120,000	-	125,120,000
Mr John Bradley	-	55,131,876	-	55,131,876
Mrs Joyce Wang	-	-	-	-
Mrs Cathie Wu	-	215,579	-	215,579
Dr Garry Lowder	-	500,000	-	500,000
Mr David Usasz	2,400,000	1,989,000	-	4,389,000
Mr Richard Hill	416,000	-	-	416,000
Mr Howard Renshaw	10,550,000	3,450,000	-	14,000,000
Mr Brian Rear	-	-	-	-
Mr Robert (Bob) Besley	-	-	-	-
Total	**13,366,000**	**211,587,512**	**-**	**224,953,512**

Management Service Agreements

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

Name:	Anthony R Martin
Title:	Chief Executive Officer
Term commenced:	1 February 2013
Term of agreement:	1 year
Details:	Base salary for the year ended 30 June 2013 of $302,000 plus $25,000 superannuation to be reviewed annually by the Nomination and Remuneration Committee. 3 month termination notice by either party

Share based payment compensation

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

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

Additional information

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

<u>This ends the Remuneration Report which has been audited.</u>

DIRECTORS' REPORT
For the year ended 30 June 2013

Indemnification

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

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporation Act 2001 for leave to bring proceedings on behalf of the Group or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. There were no such proceedings brought or responsibility on behalf of the Group for all or part of those proceedings.

On 9 July 2013 the Company filed a Statement of Claim in the Federal Court of Australia against its former Managing Director, Mr Howard Victor Renshaw and his controlled entity Butmall Pty Ltd. DFK Richard Hill Pty Limited is named as a third defendant in the Statement of Claim, but solely in its capacity as the holder of funds paid to its trust account. The Statement of Claim pertains to payments that were made to Mr Renshaw and Butmall Pty Ltd in the amount of $677,333 in aggregate, following Mr Renshaw's ceasing to be the Managing Director of the Company in October 2012. Costs and interest are also claimed.

On 29 August 2013 Mr Howard Victor Renshaw and his controlled entity Butmall Pty Ltd filed a defence to the aforementioned Statement of Claim filed by the Company on 9 July 2013. In addition the parties lodged a Counter Claim against the Company on the 29 August 2013 pursuant to which they seek payment of: $110,000 plus interest at 12% per annum from 21 December 2012 to the day of payment; $161,894 plus GST and interest at Court rates until the date of payment; damages; interest and costs on an indemnity basis. It is the Company's present intention to fully defend the Counter Claim.

The Group has entered into a deed of indemnity with each director whereby, to the extent permitted by the Corporations Act 2001, the company agreed to indemnify each director against all loss and liability incurred as an officer of the Group, including all liability in defending any relevant proceedings.

Auditors

BDO will continue in office in accordance with the requirements of the Corporations Act 2001.

Non-audit services

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

Details of amounts paid or payable to the auditors, BDO, for audit and non-audit services provided during the year are set out below:

	2013 $	2012 $
Audit services BDO – Audit and review of financial reports	64,167	61,750

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Yours faithfully,

Dr Lakshman Jayaweera
Chairman

Tel: 61 2 9251 4100
Fax: 61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

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

As lead auditor of Queensland Mining Corporation Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 27 September 2013

Corporate Governance Statement

The Board of directors of Queensland Mining Corporation is responsible for establishing the corporate governance framework of the consolidated entity having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its Corporate Governance Principles and Recommendations ("Recommendations"). The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board seeks, where appropriate, to adopt without modification, the Recommendations. Where there has been any variation from the Recommendations, it is because the Board believes that the Company is not as yet of size, nor are its financial affairs of such complexity, to justify some of these Recommendations. The Board is of the view that with the exception of the departures to the Council's Corporate Governance Principles and Recommendations as are set out below, it otherwise complies with all of the Council's Corporate Governance Principles and Recommendations during the year ended 30 June 2013.

The following table briefly addresses each recommendation made by the Corporate Governance Principles and Recommendations.

ASX Principles and Recommendations	Summary of position of the Company
Principle 1 – Lay solid foundations for management and oversight Companies should establish and disclose the respective roles and responsibilities of board and management	
Recommendation 1.1 – Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	The Board has approved a formal charter that details their functions and responsibilities. The charter includes a formal statement of the area of authority delegated to senior executives.
Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives	The Remuneration and Nomination Committee is responsible for the evaluation and review of performance of individual executives against measurable and qualitative indicators, to be established by the committee.
Recommendation 1.3 – Companies should provide the information indicated in the Guide to reporting on Principle 1	The Company will report and address any departures from Recommendations 1.1, 1.2 and 1.3 in its future annual reports and on its website.
Principle 2 – Structure the Board to Add Value Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties	
Recommendation 2.1 – A majority of the board should be independent directors	The current Board consists one independent non-executive director, one non-executive director and one executive director. While the Company does not presently comply with this Recommendation 2.1, the Company may consider appointing further independent directors in the future. The Company is of the view that given the current size and scale of its operations, non-compliance with Recommendation 2.1 will not be detrimental to the Company.
Recommendation 2.2 – The chair should be an independent director	During the financial year 2013 the Board was chaired by an independent non-executive director. Dr Lakshman Jayaweera was appointed in July 2013 as the Company's independent non-executive Chairman.
Recommendation 2.3 – The roles of chair and chief executive officer should not be exercised by the same individual	Dr Lakshman Jayaweera holds the position of Chairperson of the board while the position of CEO is held by Mr Eddy Wu.
Recommendation 2.4 – The board should establish a nomination committee	A committee has been established to provide advice, recommendations and assistance to the board, with regards to remuneration policies and

	identifying nominees for senior appointments.
Recommendation 2.5 – Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The committee will evaluate the performance of the board and individual directors against both measurable and qualitative indicators, established by the committee. The committee will review its performance from time to time and whenever there are major changes to the management of the company.
Recommendation 2.6 – Companies should provide the information indicated in the Guide to reporting on Principle 2.	The Company will report and address any departures from Recommendations 2.1 to 2.6 in its future annual reports and on its website.
Principle 3 – Promote Ethical and Responsible Decision Making Companies should actively promote ethical and responsible decision-making	
Recommendation 3.1 – Companies should establish a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of the stakeholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices	The Company has established a Corporate Code of Conduct which regulates the Company's external dealings and dealings with Shareholders. All executives and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information and act with the highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, the Company, its Shareholders, customers, suppliers and the community. The code of conduct will be regularly reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism.
Recommendation 3.2- Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	There are currently no female employees in the Company due to the limited number of staff. There are presently no women on the Board of Directors other than Mrs Joyce Wang as alternate director.
Recommendation 3.3 – Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Due to the current size and scale of its operations, the Company is unable to comply with Recommendation 3.3. The Company is of the view that non-compliance with Recommendation 3.3 will not be detrimental to the Company.
Recommendation 3.4 – Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Due to small number of employees and the scale of its operations, the Company is unable to comply with Recommendation 3.4. The Company is of the view that non-compliance with Recommendation 3.4 will not be detrimental to the Company.
Recommendation 3.5 – Companies should provide the information indicated in the Guide to reporting on Principle 3.	The Company will report and address any departures from Recommendations 3.1 to 3.5 in its future annual reports and on the Company's website.

Principle 4 – Safeguard Integrity in Financial Reporting Companies should have a structure to independently verify and safeguard the integrity of their financial reporting	
Recommendation 4.1 – The Board should establish an audit committee.	The company has established an Audit and Risk Management Committee to assist the board with monitoring and reviewing financial controls, the competency of internal and external auditors and the company's risk policies.
Recommendation 4.2 – The audit committee should be structured so that it: • Consists only of non-executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members	The committee consists two non-executive directors and one executive director. The chairperson of the committee is not the chairman of the Board. Due to the current size and structure of the board, the Company is unable to fully comply with Recommendation 4.2. The Company is satisfied however that the current composition of committee members is adequate and that non-compliance with Recommendation 4.2 will not be detrimental to the Company.
Recommendation 4.3 – The audit committee should have a formal charter.	An Audit and Risk Management Committee Charter has been established and will govern the roles, responsibilities, composition and membership of the audit and risk management committee.
Recommendation 4.4 – Companies should provide the information indicated in the Guide to reporting on Principle 4.	The Company will report and address any departures from Recommendations 4.1 to 4.4 in its future annual reports.
Principle 5 – Make Timely and Balanced Disclosure Companies should promote timely and balanced disclosure of all material matters concerning the company	
Recommendation 5.1 – Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Board has adopted a formal continuous disclosure policy which sets out in its obligations in respect of continuous disclosure under the *Corporations Act 2001 (Cth)* and the ASX Listing Rules. The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the Corporations Act. Executive Director, in conjunction with all Non-Executive Directors, are charged with the day-to-day disclosure to the market of any information in relation to the on-going exploration activities of the Company.
Recommendation 5.2 – Companies should provide the information indicated in the Guide to reporting on Principle 5.	The Company will report and address any departures from Recommendations 5.1 and 5.2 in its future annual reports and on its website.
Principal 6 – Respect the Rights of Shareholders Companies should respect the rights of shareholders and facilitate the effective exercise of those rights	
Recommendation 6.1 – Companies should design a communications policy for promoting effective communications with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Board has established a formal code of conduct setting out the Company's obligations to stakeholders including shareholders.
Recommendation 6.2 – Companies should provide	The Company will report and address any

the information indicated in the Guide to reporting on Principle 6.	departures from Recommendations 6.1 and 6.2 in its future annual reports and on its website.
Principle 7 – Recognise and Manage Risk Companies should establish a sound system of risk oversight and management and internal control	
Recommendation 7.1 – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The company's risk management policies are incorporated in the Audit and Risk Management Committee Charter.
Recommendation 7.2 – The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Ultimate responsibility for risk oversight and risk management rests with the full Board, notwithstanding the establishment of the committee.
Recommendation 7.3 – The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board will disclose in its annual report and on its website whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
Recommendation 7.4 – Companies should provide the information indicated in the Guide to reporting on Principle 7.	The Company will report and address any departures from Recommendations 7.1 to 7.4 in its annual reports and on its website.
Principle 8 – Remunerate Fairly and Responsibly Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear	
Recommendation 8.1 – The Board should establish a remuneration committee.	A committee has been established to provide advice, recommendations and assistance to the board, with regards to remuneration policies and identifying nominees for senior appointments.
Recommendation 8.2 – The remuneration committee should be structured so that it: • Consists of a majority of independent Directors. • Is chaired by an independent chair. • Has at least three members.	The committee consists one independent non-executive director, one non-executive directors and one executive director. The committee is chaired by a non-executive director. Due to the current structure of the Board, the Company is unable to fully comply with Recommendation 8.2. The Company is satisfied however that the current composition of committee members is adequate and that non-compliance with Recommendation 8.2 will not be detrimental to the Company.
Recommendation 8.3 – Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	The remuneration of executive director is designed to motivate directors with the aim of enhancing the long-term growth and performance of the company. Non-executive directors' remuneration is generally fee based. They do not participate in remuneration schemes designed for executive directors or receive options, bonus payments or retirement benefits, other than statutory superannuation.

Recommendation 8.4 – Companies should provide the information indicated in the Guide to reporting to on Principle 8.	The Company will report and address any departures from Recommendations 8.1 to 8.4 (if any) in its annual reports and on its website.

Other Information

Further information relating the company's corporate governance practices and policies has been made publicly available on the company's website at www.qmcl.com.au.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	Group 2013 $	Group 2012 $
Interest received		23,466	82,701
Other income		2,955	-
Accountancy fees		(99,930)	(129,318)
Auditor’s remuneration		(64,167)	(61,750)
Corporate development expenses		(78,450)	(306,409)
Depreciation expenses		(459,063)	(457,510)
Exploration expenses		(538,276)	(302,231)
Employee expenses		(1,432,199)	(823,024)
Impairment of assets		(14,661,419)	(2,000,000)
Prepayment written off		-	(481,104)
Interest expense		(321,258)	(298,828)
Management fees		(1,287,795)	(688,234)
Other expenses		(1,794,003)	(1,984,715)
Loss before income tax expense	2	(20,710,139)	(7,450,422)
Income tax benefit	3	395,782	322,502
Loss for the year		(20,314,357)	(7,127,920)
Other comprehensive income		-	-
Total comprehensive income for the year		**(20,314,357)**	**(7,127,920)**
Loss per share from loss attributable to ordinary equity holders of the parent			
Basic and diluted EPS	18	(3.42 cents)	(1.73 cents)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Group 2013 $	Group 2012 $
ASSETS			
Current assets			
Cash and cash equivalents	6	1,334,519	1,447,339
Trade and other receivables	7	439,121	745,390
Inventories	8	-	75,000
Total current assets		1,773,640	2,267,729
Non-current assets			
Property, plant and equipment	9	1,330,414	4,518,171
Mining licences	10	14,503,967	16,966,063
Exploration and evaluation expenditure	10	9,818,897	15,086,398
Total non-current assets		25,653,278	36,570,632
TOTAL ASSETS		27,426,918	38,838,361
Current liabilities			
Financial liabilities	13	211,065	2,880,655
Trade and other payables	11	579,352	1,002,761
Total current liabilities		790,417	3,883,416
TOTAL LIABILITIES		790,417	3,883,416
NET ASSETS		**26,636,501**	**34,954,945**
EQUITY			
Issued capital	14	74,085,645	62,089,732
Share option reserve		2,995,191	2,995,191
Accumulated losses		(50,444,335)	(30,129,978)
TOTAL EQUITY		**26,636,501**	**34,954,945**

The above statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

GROUP

	Note	Ordinary Share Capital $	Share Option Reserve $	Accumulated Losses $	Total $
Balance at 30 June 2011	14	56,294,905	2,695,191	(23,002,058)	35,988,038
Net loss for the year		-	-	(7,127,920)	(7,127,920)
Total comprehensive income for the year		-	-	(7,127,920)	(7,127,920)
Transactions with owners in their capacity as owners					
Shares issued during the year		6,131,000	-	-	6,131,000
Share issue costs		(336,175)	-	-	(336,175)
Options converted		2			2
Options issued	14	-	300,000	-	300,000
Balance at 30 June 2012		**62,089,732**	**2,995,191**	**(30,129,978)**	**34,954,945**
Net loss for the year		-	-	(20,314,357)	(20,314,357)
Total comprehensive income for the year		-	-	(20,314,357)	(20,314,357)
Transactions with owners in their capacity as owners					
Shares issued during the year		12,606,731	-	-	12,606,731
Share issue costs		(610,818)	-	-	(610,818)
Balance at 30 June 2013		**74,085,645**	**2,995,191**	**(50,444,335)**	**26,636,501**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2013

	Note	Group 2013 $	Group 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(5,216,764)	(3,530,834)
Income tax benefit received		352,537	139,812
Interest received		23,466	82,701
Interest expense		(197,834)	(224,034)
Net cash used in operating activities	15	(5,038,595)	(3,532,355)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(74,101)	(313,181)
Proceeds from sale of plant & equipment		84,726	-
Payments for exploration and evaluation and mining licences		(4,291,828)	(4,348,272)
Net cash used in investing activities		(4,281,203)	(4,661,453)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		11,995,913	5,794,827
Net proceeds from loan		-	2,850,000
Repayments of borrowings		(2,788,935)	-
Net cash generated by financing activities		9,206,978	8,644,827
Net (decrease)/increase in cash held		(112,820)	451,016
Cash and cash equivalents at 1 July		1,447,339	996,320
Cash and cash equivalents at 30 June	6	1,334,519	1,447,339

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Preparation

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

Compliance with IFRS
The financial statements and notes of Queensland Mining Corporation Limited comply with International Financial Reporting Standards (IFRS).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and certain other assets, where applicable.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(p).

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

a. Principles of Consolidation

The consolidated financial statements incorporates the assets and liabilities of all subsidiaries of Queensland Mining Corporation Ltd ("parent entity") as at 30 June 2013 and the result of all subsidiaries for the year then ended. Queensland Mining Corporation Ltd and its subsidiaries together are referred to in this financial report as the Group. A list of subsidiaries is contained in Note 12 to the financial statement statements.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

b. Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Trade Receivables

Trade receivables and other receivables are carried at amounts due less any allowance for specific doubtful debts.

d. Income Tax

The Group adopts the liability method of tax – effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Queensland Mining Corporation Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group with effect from 1 July 2007. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each Group entity is then subsequently assumed by the parent entity.

e. Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of long service leave and other employee entitlements which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date

Contributions made by the consolidated entity to employee superannuation funds are charged to expenses as incurred.

g. Exploration and Evaluation Expenditure

Exploration, evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Mining licences

Mining licences are carried at cost less, where applicable, impairment losses.

The carrying amount of mining licences is reviewed annually by the Directors to ensure that the recoverable amount of the assets, are not in excess of their carrying value.

i. Share based payments

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as expenses over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of option is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

j. Plant and Equipment

Plant and equipment are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

Plant and equipment, are depreciated over their estimated useful lives ranging from 3 to 40 years to write off the net cost of each asset during its expected useful life. The straight line method of depreciation is used.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

k. Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

l. Financial assets and liabilities

The net market values of the Group's financial assets and liabilities approximate their carrying amounts.

m. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investment with original maturities of three months or less, and bank overdraft.

n. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated in the Statement of Financial Position inclusive of GST.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows.

o. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting adopted for financial assets that are delivered within time frames established by marketplace convention.

Financial instrument are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or losses are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Group is no longer has any significant continuing involvement in the risks and benefits associated with the assets.

Financial liabilities are derecognised where related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

- *Loans and receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

- *Held to maturity investments*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

- *Financial liabilities*

  Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimate – impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an indicator of impairment exists, the recoverable amount of the asset is determined.

During the year, the Group has recognised impairment losses on plant and equipment of $2,564,994, and impairment losses on exploration and evaluation expenditure and mining licences of $12,021,425 on the basis of the realisable book value assessed by the Board to be above its carrying value and that certain exploration work which had been carried out was deemed not to be recoverable.

Key judgements – provision for impairment of receivables

Included in accounts receivable at 30 June 2012 was an amount receivable from Tennant Ltd for sales made during 2009 financial year accounting to $306,735. The Directors believe that the full amount of the debt was not recoverable, and therefore the full amount has been written off as at 30 June 2013.

q. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

r. Going concern

The Group recorded a net loss after tax from operations of $20,314,357 for the year ended 30 June 2013 (2012: $7,127,920) and had cash outflows from operations of $5,038,595 (2012: $3,532,355). In addition, the Group’s finance liability of $211,065 (as disclosed in Note 13) is due for repayment on 30 June 2014. These conditions may give rise to a material uncertainty which may cast significant doubt over the Group’s ability to continue as a going concern.

The Directors believe that the Group will be able to raise further necessary funds for ongoing activities and be cash positive to September 2014, as the Group has been successful in raising funds in the past. On that basis the Directors are of the opinion that the financial statements can be prepared on a going concern basis and the Group will be able to pay its debts as and when they fall due and payable.

Should the Group be unable to continue as a going concern it may be required to **realize** its assets and discharge its liabilities other than in the normal course of business and at amounts 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 amount of liabilities that might result should the **Group** 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 YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Comparatives

Certain prior year comparatives have been reclassified to conform to the current year presentation.

t. New accounting standards not yet adopted

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

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods beginning on or after)
AASB 9 **Financial Instruments**	Simplifies the classifications of financial assets into two categories: • Those carried at amortised cost; and • Those carried at fair value. Simplifies requirements related to embed derivatives that exist in financial assets that are carried at amortised cost, such that there is no longer a requirement to account for the embedded derivative separately. Removes the tainting rules associated with held-to-maturity assets. Investments in equity instruments that are not held for trade can be designated at fair value through other comprehensive income, with only dividends being recognised in profit and loss. Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.	1 January 2013
AASB 10 **Consolidation**	AASB 10 replaces AASB 127 and 3 key elements of control. According to AASB 10 an investor controls an investee if and only if the investor has all the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and I the ability to use its power over the investee to affect the amount of the investor's returns. Additional guidance is provided in how to evaluate each of the three limbs above. While this is not a wholesale change from the current definition of control within AASB 127 (and for many entities no change in practice will result) some entities may be impacted by the change. The limbs above are more principle based rather than hard and fast rules.	1 January 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. New accounting standards not yet adopted (continued)

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods <u>beginning</u> on or after)
AASB 11 **Joint Arrangements**	AASB 11 replaces the AASB 131 Interests in Joint Ventures. The previous standard had 3 types of Joint ventures whereas AASB 11 only has two. These are: • Joint Operations; and • Joint Ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. Joint ventures must now be accounted for using the equity method of accounting. The option to proportionately consolidate a joint venture entity has been removed.	1 January 2013
AASB 12 **Disclosure of Interests in Other Entities**	AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it pulls together and replaces disclosure requirements from many existing standards. The AASB requires an entity to disclose information that enables users of financial statements to evaluate: (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.	1 January 2013
AASB 13 **Fair Value Measurement**	AASB 13: (a) defines fair value; (b) sets out in a single IFRS a framework for measuring fair value; and (c) requires disclosures about fair value measurements. Fair value is defined as: "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price)"	1 January 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. New accounting standards not yet adopted (continued)

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods beginning on or after)
AASB 1053 **Application of Tiers of Australian Accounting Standards**	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards; and (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. For-profit entities in the private sector that have public accountability (as defined in this Standard) would apply Tier 1 requirements in preparing general purpose financial statements. For-profit private sector entities that do not have public accountability would apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements. **Public accountability** means accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs. A for-profit private sector entity has public accountability if: (a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or (b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.	1 July 2013
AASB 2010-2	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013
AASB 2010-7	The Standard makes numerous amendments to Australian Accounting Standards and Interpretations listed above as a result of the amendments to AASB 9.	1 January 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. New accounting standards not yet adopted (continued)

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods beginning on or after)
AASB 2010-8	The amendments provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in AASB 140 Investment Property. Under AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. However, it is often difficult and subjective to determine the expected manner of recovery when the investment property is measured using the fair value model in AASB 140. To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is recovered entirely through sale. Interpretation 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets addresses similar issues involving non-depreciable assets measured using the revaluation model in AASB 116 Property, Plant and Equipment. The amendments incorporate Interpretation 121 into AASB 112 after excluding investment property measured at fair value from the scope of the guidance previously contained in Interpretation 121.	1 January 2012
AASB 2010-9	The amendments in respect of severe hyperinflation provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.	1 July 2011
AASB 2010-10	The amendments to AASB 2009-11 will only affect early adopters of AASB 2009-11 (and AASB 9 Financial Instruments as issued in December 2009) as it has been superseded by AASB 2010-7 for annual reporting periods beginning on or after 1 January 2013.	1 January 2013
AASB 2011-1	These amendments are a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the AASB and the FRSB. Phase 1 has addressed the harmonisation of financial reporting requirements across the Tasman in relation to for-profit entities that assert compliance with International Financial Reporting Standards (IFRSs). The Boards were keen to first address differences from IFRSs and between Australian and New Zealand Standards as they apply to for-profit entities, on the basis that such entities are the most likely to claim compliance with IFRSs and trade across the Tasman.	I July 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. New accounting standards not yet adopted (continued)

AASB amendment	Outline of amendment	Operative Date (Annual reporting periods beginning on or after)
AASB 2011-2	AASB 1054 contains the Australian-specific disclosures that are in addition to International Financial Reporting Standards. AASB 2011-1 contains the related amendments to other Australian Accounting Standards. For example, some of the disclosure requirements previously in paragraphs Aus15.1-Aus15.3 and other paragraphs of AASB 101 are now included in AASB 1054 instead. This Standard makes amendments to AASB 1054 to introduce reduced disclosure requirements to that Standard for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. These reflect the reduced disclosure requirements originally specified in AASB 2010-2 for AASB 101 disclosures that are now in AASB 1054.	1 July 2013
AASB 2011-4	This Standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures. These amendments arise from a decision of the AASB to remove the individual key management personnel (KMP) disclosures from AASB 124 on the basis they: • are not part of International Financial Reporting Standards (IFRSs), which include requirements to disclose aggregate (rather than individual) amounts of KMP compensation; • are not included in New Zealand accounting standards and, accordingly, their removal is consistent with meeting the 2010 Outcome Proposal of the Australian and New Zealand governments that for-profit entities are able to use a single set of accounting standards and prepare only one set of financial statements; • are considered by the AASB to be more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001; • were originally included in AASB 124 when fewer similar disclosure requirements were included in the Corporations Act and, in many respects, relate to similar disclosure requirements currently in that Act and therefore detract from the clarity of the requirements applying in this area; and • could be considered (during the transition period for this Amending Standard) for inclusion in the Corporations Act or other legislation to the extent they presently go beyond the requirements in legislation and are considered appropriate in light of government policy.	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

	Group 2013 $	Group 2012 $
NOTE 2: EXPENSES		
Loss from continuing operations before income tax has been determined after:		
Employee expenses		
Wages and salaries	991,710	567,693
Other employment expenses	365,507	151,471
Superannuation	76,982	103,860
	1,432,199	823,024
Other Expenses:		
Bad debts written off	306,735	-
Rental of administration office and field office	284,730	318,459
Impairment of assets		
Mining licences (Note 10)	2,462,096	-
Exploration and evaluation expenditure (Note 10)	9,559,329	2,000,000
Plant and equipment (Note 9)	2,564,994	-
Inventories	75,000	
	14,661,419	2,000,000

NOTE 3: INCOME TAX EXPENSE

	2013 $	2012 $
Income tax benefit	395,782	322,502
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Net loss before tax	(20,314,357)	(7,127,920)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(6,094,307)	(2,138,376)
Add/(less):		
Tax effect of:		
- Other non-deductible items	(72,272)	14,368
- Impairment of assets	4,398,426	744,331
- Share based payment	-	66,111
Tax effect of tax losses not brought to account as they do not meet the recognised criteria	1,768,153	1,313,566
Research and development tax concession and fuel tax credit	395,782	322,502
Income tax benefit	395,782	322,502
Total income tax losses for which no deferred tax asset has been recognised	30,105,932	24,212,090

The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because it is not probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 3: INCOME TAX EXPENSE (Continued)

The potential future income tax benefit will be obtained if:

i. The relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be realised by another company in the Group in accordance with Division 170 of the Income Tax Assessment Act 1997;

ii. The relevant company and/or Group continues to comply with the conditions for deductibility imposed by the law.

No changes in tax legislation adversely affect the Company and/or the Group in realising the benefit.

NOTE 4: KEY MANAGEMENT PERSONNEL REMUNERATION

a. Names and positions held of the group and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Dr Lakshman Jayaweera	Chairman – Non Executive (appointed 21 January 2013)
Mr Jun Qiu	Director - Non-Executive (appointed 21 June 2013)
Mr John Bradley	Alternate director to L Jayaweera (appointed 10 April 2013)
Mrs Joyce Wang	Alternate director to J Qiu (appointed 22 June 2013)
Mr Anthony Martin	CEO (appointed 20 February 2013, Interim from 5 November 2012, resigned 2 July 2013)
Mr Riccardo Vittino	CFO and Company Secretary (appointed 20 February 2013, resigned 2 July 2013)
Dr Garry Lowder	Chairman – Non Executive (appointed 23 April 2013, resigned 20 June 2013)
Mr David E Usasz	Chairman – Non Executive (resigned 28 February 2013)
Mr Howard V Renshaw	Managing Director — Executive (resigned 23 October 2012)
	Director – Non Executive (resigned 21 January 2013)
Mr Richard Hill	Director - Executive (resigned 30 November 2012)
Mr Brian Rear	Director - Non-Executive (resigned 30 April 2013)
Mr Robert Besley	Director - Non-Executive (resigned 20 June 2013)
Mrs Cathie Wu	Director - Non-Executive (appointed 16 September 2012, resigned 8 August 2013

b. Remuneration policy

The remuneration policy of Queensland Mining Corporation Ltd has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component. The Board of Queensland Mining Corporation Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- the remuneration policy, setting the terms and conditions for the key management personnel, was developed by the remuneration committee and approved by the Board after seeking professional advice from independent external consultant;

NOTE 4: KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

- all key management personnel receive a base salary, superannuation, options and performance incentives;
- the remuneration committee reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%. Some individuals, however, may choose to sacrifice part of their salary to increase payments toward superannuation.

All remuneration paid to key management is valued at cost to the company and expensed.

c. Key management personnel remuneration

2013	Short- term benefits			Post-employment		Long- term benefit		
Director	Director's fee and salary $	Bonus $	Others $	Super-annuation $	Total $	Other $	Share-based payment $	Total $
Executive Directors								
Mr Howard Renshaw	430,032	-	-	108,333	**538,365**	290,871*	-	290,871
Non – Executive Directors								
Mr David E Usasz	-	-	-	-	**-**	-	-	-
Dr Garry Lowder	12,000	-	-	-	**12,000**	-	-	-
Dr Lakshman Jayaweera	21,280	-	-	-	**21,280**	-	-	-
Mr Brian Rear	50,416	-	-	-	**50,416**	-	-	-
Mr Richard Hill	41,333**	-	-	-	**41,333**	-	-	-
Mr Robert Besley	50,800	-	-	-	**50,800**	-	-	-
Mrs Cathie Wu	32,000	-	-	-	**32,000**	-	-	-
Mr Jun Qiu								
Alternate Directors								
Mr John Bradley	-	-	-	-	**-**	-	-	-
Mrs Joyce Wang	-	-	-	-	**-**	-	-	-
Total	**637,861**	**-**	**-**	**108,333**	**746,194**	**290,871**	**-**	**290,871**

** Entitlement paid in relation to: termination payment $240,000; and annual leave $13,822 (reimbursement of accumulated leave); and long service leave $37,049 (reimbursement of accumulated leave)- These amounts were paid to Butmall Pty Ltd to reimburse that company for annual leave and long service leave entitlements whilst the subject of the services contract.*

*******Including company secretary fee - $28,000*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 4: KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

	Short- term benefits			Post-employment		Long- term benefit		
Key Management Personnel	**KMP fee and salary $**	**Bonus $**	**Others $**	**Super-annuation $**	**Total $**	**Others $**	**Share based payment $**	**Total $**
Mr Anthony Martin	100,667	-	-	8,333	**109,000**	-	-	-
Mr Riccardo Vittino	59,176*	-	-	-	**59,176**	-	-	-
Mr Stephen Maffey	250,000	-	-	16,875	**266,875**	-	-	-
Total	**409,843**	**-**	**-**	**25,208**	**435,051**	**-**	**-**	**-**

Including Company Secretary fee - $28,000

2012	Short- term benefits			Post-employment		Long- term benefit		
Director	**Director's fee and salary $**	**Bonus $**	**Others $**	**Super-annuation $**	**Total $**	**Bonus $**	**Others $**	**Super-annuation $**
Executive Directors								
Mr Howard Renshaw	285,000	50,000	40,000*	-	**375,000**	-	-	-
Non – Executive Directors								
Mr David E Usasz	28,151	25,500	-	-	**53,651**	-	-	-
Mr Brian Rear	55,000	-	-	-	**55,000**	-	-	-
Mr Richard Hill	88,000**	-	-	-	**88,000**	-	-	-
Mr Robert Besley	16,000	-	-	-	**16,000**	-	-	-
Total	**472,151**	**75,500**	**40,000**		**587,651**	**-**	**-**	**-**

*****_In relation to FY2011 for the successful acquisition and settlement of the White Range project in December 2010. Performance was assessed by the Remuneration Committee pursuant to the management/service contract._
***Including company secretary fee - $48,000*

d. Number of Options held by Key Management Personnel

Mr Stephen Maffey holds 1,000,000 Options in the Company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 4: KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

e. Number of Shares held by Key Management Personnel

	Balance 30.06.12	Acquired during the year	Disposed during the year	Balance 30.06.13/ Date of resignation
	No.	No.	No.	No.
Dr Lakshman Jayaweera	-	25,181,057	-	25,181,057
Mr Jun Qiu	-	125,120,000	-	125,120,000
Mr John Bradley*	-	55,131,876	-	55,131,876
Mrs Joyce Wang**	-	-	-	-
Mrs Cathie Wu	-	215,579	-	215,579
Dr Garry Lowder	-	500,000	-	500,000
Mr David Usasz	2,400,000	1,989,000	-	4,389,000
Mr Howard Renshaw	10,550,000	3,450,000	-	14,000,000
Mr Richard Hill	416,000	-	-	416,000
Mr Brian Rear	-	-	-	-
Mr Robert (Bob) Besley	-	-	-	-
Total	**13,366,000**	**211,587,512**	**-**	**224,953,512**

*Alternate for Dr Jayaweera
**Alternate for Mr Qiu

	Group 2013	Group 2012
	$	$
NOTE 5: AUDITORS' REMUNERATION		
Remuneration of the auditor:		
BDO - Auditing or reviewing the financial report	64,167	61,750
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,334,519	1,447,339

The Group's exposure to interest rate risk is discussed in note 16. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above

	Group 2013 $	Group 2012 $
NOTE 7: TRADE AND OTHER RECEIVABLES		
CURRENT		
Accounts receivable	-	306,735
Other current receivables		
GST and fuel credit receivable	70,890	-
Pre-payments	-	75,000
Other receivables	368,231	207,201
	439,121	438,655
	439,121	745,390

Other receivables

The other classes within trade and other receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

Fair value and credit risk

Due to the short-term nature of the receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 16 for more information on the risk management policy of the Group and credit quality of the receivables.

NOTE 8: INVENTORIES

	2013 $	2012 $
Inventories – copper stockpile	-	75,000

NOTE 9: PLANT AND EQUIPMENT

	2013 $	2012 $
Balance at the beginning of year	4,518,171	4,662,500
Add additions for the year	74,101	313,181
Less depreciation for the year	(459,064)	(457,510)
Less disposal during the year	(237,800)	-
Less impairment losses for the year	(2,564,994)	-
Carrying amount at the end of year	1,330,414	4,518,171
At cost	3,453,833	7,904,710
Accumulated depreciation	(1,323,419)	(2,586,539)
Impairment losses	(800,000)	(800,000)
Total	1,330,414	4,518,171

	Group 2013 $	Group 2012 $
NOTE 10: MINING LICENCES AND EXPLORATION AND EVALUATION EXPENDITURE		
Mining Licences		
Opening balance	16,966,063	16,966,063
Impairment	(2,462,096)	-
Closing balance	14,503,967	16,966,063
Exploration and evaluation expenditure		
Opening balance	15,086,398	12,738,126
Impairment	(9,559,329)	(2,000,000)
Capitalised during the year	4,291,828	4,348,272
Closing balance	9,818,897	15,086,398

During the period the consolidated entity has recognised impairment losses of $12,021,425 on its copper licences and its related exploration and evaluation expenditure, and $2,564,994 on its plant and equipment. This impairment was recognised on the basis of the realisable book value assessed by the Board to be above its carrying value and that certain exploration work which had been carried out was deemed not to be recoverable.

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.

The Directors agreed to the impairment of assets in line with current realisable values.

During the 2012 financial year as previously reported at that time, the Group entered into three separate agreements with Ivanhoe Cloncurry Mines Pty Ltd (Ivanhoe), a wholly owned subsidiary of Ivanhoe Australia Limited. These agreements will continue to facilitate the economic exploitation of the Group's copper/gold and cobalt deposits at its White Range Project:-

1. **The Young Australia agreement – Opens up White Range Project JORC resources for QMC**

   The Group acquired the exclusive rights to carry out exploration on six sub blocks of Ivanhoe's EPM 9116 for the period of five years with an option to require Ivanhoe to apply for a mining lease over all or any part of these six sub blocks for Queensland Mining Corporation Ltd. These sub blocks open up the Group's existing mining leases at the Young Australian and East Drift, which can support the White Range Project.

   The agreement grants Ivanhoe a right of first option participation to buy back at 3.1 times the Group expenditure in the event that the Group seeks third party to explore or mine any primary sulphides on the six sub blocks on a 70/30 basis. Further, Ivanhoe has certain rights to process primary sulphides from any Young Australian discovery, if the Group requires third party processing.

   There is no monetary consideration payable by the Group to Ivanhoe for the six sub blocks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 10: MINING LICENCES AND EXPLORATION AND EVALUATION EXPENDITURE (Continued)

2. **Kuridala agreement – delivery mutually beneficial protocols**

Queensland Mining Corporation Ltd is the registered legal owner of ML90081. The rights granted by ML90081 are limited to depth of 100 metres below the surface. While the area of ML is 1247 ha, the Group currently has surface rights of 271.6 ha (known as the Hampden Copper Mine).

Inova (Formally known as Ivanhoe) is registered owner of the surrounding EPM9116 and has the rights below 100 metres of ML90081 (Kuridala).

The Group and Inova are subject to the term of a series of historical agreements with the Group acquired from Matrix Metals. Those agreements are deficient in number of material respects and there are impediments to both parties in exploiting their respective rights.

In order to resolve the deficiencies, the Group and Inova have agreed to enter into the Kuridala access and co-ordination agreement which sets out a clear framework of cooperation between the parties. This will facilitate the effective mining by the Group of the Hampden Copper Mine copper resources as a key component of the White Range project. A drill program has been prepared at Kuridala to seek to increase this resource.

3. **Stuart – the agreement represents potential payment of valuable consideration to the Group.**

The Stuart mining lease (ML90083) is the principle asset of Maxiforde Pty Ltd which the Group acquired from the liquidators of Matrix Metal. ML 90083 abuts Inova's Victoria North open pit mine. The mine is somewhat isolated from the Group other copper resources and is surrounded by Inova tenements.

The Group has agreed to grant Ivanhoe a call option to acquire the assets (or shares) of Maxiforde, being ML 90083:

- Inova has 5 years to exercise the option, otherwise it lapses and all rights remain vested in Queensland Mining Corporation Ltd.
- The consideration if the option is exercised by Ivanhoe is $700,000 cash or tradable shares in Inova Australia Limited to the value of $750,000 (at Inova's election).
- The Group has the rights (in any event) to up to 700,000 tonnes of leachable copper ore (i.e. oxides) whether mined by the Group or subsequently mined by Inova, if it exercised the option
- If Inova, exercises the options the Group will, in addition to the option consideration, receive a royalty payment at a minimum of $2/tonne in relation to all ore commercially mined by Inova capped at a maximum of $6.5 million (which is in addition to the Group's rights in relation to up to 700,000 tonnes of oxides).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

	Group 2013 $	Group 2012 $
NOTE 11: TRADE AND OTHER PAYABLES		
Trade payables	363,879	652,455
Sundry payables and accrued expenses	215,473	350,306
Other advances	-	-
	579,352	1,002,761

Risk Exposure

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

NOTE 12: PARENT ENTITY

	Parent Entity 2013 $	Parent Entity 2012 $
Financial information in relation to		
Statement of Comprehensive income		
Net loss for the year	(20,473,602)	(7,122,963)
Other comprehensive income	-	-
Total comprehensive income for the year	(20,473,602)	(7,122,963)
Accumulated losses		
Accumulated losses at the beginning of the year	(29,976,584)	(22,853,621)
Comprehensive income for the year	(20,473,602)	(7,122,963)
Accumulated losses at the end of the year	(50,450,186)	(29,976,584)
Statement of Financial Position		
Current assets	1,773,640	2,267,723
Non-current assets	25,647,427	36,724,028
Total assets	27,421,067	38,991,751
Current liabilities	579,352	3,883,415
Non-current liabilities	211,065	-
Total liabilities	790,417	3,883,415
Net Assets	26,630,650	35,108,336
Share capital	74,085,645	62,089,729
Share option reserve	2,995,191	2,995,191
Accumulated losses	(50,450,186)	(29,976,584)
	26,630,650	35,108,336

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 12: PARENT ENTITY (Continued)

	Parent Entity	
	2013	**2012**
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	None	None
Details of any contingent liabilities of the parent entity	None	None
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.	None	None

Subsidiaries

	Country of Incorporation	Percentage Owned	
		2013 %	**2012 %**
Parent Entity:			
Queensland Mining Corporation Ltd	Australia		
Subsidiaries of Queensland Mining Corporation Ltd:			
North Queensland Mines Pty Ltd	Australia	100	100
Mt Norma Mining Company Pty Ltd	Australia	100	100
Flamingo Copper Mines Pty Ltd	Australia	100	100
Spinifex Mines Pty Ltd	Australia	100	100
Soldiers Cap Mining Pty Ltd	Australia	100	100
Cloncurry Mining Company Pty Ltd	Australia	100	100
Kuridala Mining Pty Ltd	Australia	100	100
Mt McNamara Pty Ltd	Australia	100	100
Sierra Line Pty Ltd	Australia	100	100
QMC Operations Pty Ltd	Australia	100	100
White Range Mines Pty Ltd	Australia	100	100
QMC Exploration Pty Ltd	Australia	100	100
Iron Ridge – Black Fort Pty Ltd	Australia	100	100
Mt McCabe Pty Ltd	Australia	100	100
Maxiforde Pty Ltd	Australia	100	100

	Group 2013 $	Group 2012 $

NOTE 13: FINANCIAL LIABILITIES

Unsecured Loan

	2013 $	2012 $
CURRENT		
Unsecured loan	211,065	3,000,000
Less: Borrowing cost	-	(150,000)
Share based payment (option value)	-	(300,000)
Add: Costs amortisation	-	330,655
	211,065	2,880,655

The loan is unsecured and carries a fixed interest rate of 10% p.a. (2012: 10%).

NOTE 14: ISSUED CAPITAL

	2013 $	2012 $
869,999,817 fully paid ordinary shares (2012: 512,892,031 fully paid ordinary shares)	74,085,645	62,089,732

Movement in share capital

For the financial year ended 30 June 2013

Date	Details	No. of shares	Value $
01-Jul-12	Balance 1 July – Ordinary Shares	512,892,031	62,089,732
17-Sep-12	Placement	36,364,121	1,200,016
24-Sep-12	Placement	115,200,000	3,801,600
21-Jan-13	Rights Issue	153,192,326	5,668,116
22-Mar-13	Rights Issue - Shortfall	52,351,339	1,936,999
	Less: Transaction costs arising on share issues	-	(610,818)
		869,999,817	**74,085,645**

For the financial year ended 30 June 2012

Date	Details	No. of shares	Value $
01-Jul-11	Balance 1 July – Ordinary Shares	402,597,477	56,294,905
18-Nov-11	Placement	28,200,000	1,551,000
03-Feb-12	Placement	1,894,545	169,000
29-Feb-12	Placement	78,200,000	4,301,000
05-Apr-12	Placement	2,000,000	110,000
05-Apr-12	Option conversion	9	2
	Less: Transaction costs arising on share issues	-	(336,175)
		512,892,031	**62,089,732**

NOTE 14: ISSUED CAPITAL (Continued)

OPTIONS RESERVE

	Group 2013 $	Group 2012 $
Balance at the beginning of the year	2,995,191	2,695,191
Options issued during the year	-	300,000
Balance at the end of the year	2,995,191	2,995,191

	Group 2013 No.	Group 2012 No.
Balance at the beginning of the year	73,730,000	97,586,589
Options expired during the year	(56,280,000)	(72,586,580)
Options granted during the year – pursuant to placements	-	48,730,000
Option exercised during the year	-	(9)
Balance at the end of the year	17,450,000	73,730,000

The option reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees; and
- share based payments to suppliers.

No Options were granted during the year ended 30 June 2013.

NOTE 15: CASH FLOW INFORMATION

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

	Group 2013 $	Group 2012 $
Loss from continuing operations after income tax	(20,314,357)	(7,127,920)
Non-cash flows in profit from ordinary activities		
Depreciation	459,063	457,510
Inventories written off during the year	75,000	-
Loss on disposal of asset	153,074	-
Unwinding of effective interest	119,345	-
Share based payment – options issued	-	220,370
Impairment of assets	14,661,420	2,481,104
Bad debt written off	306,735	13,515
Provision of leave	-	50,822
Changes in assets and liabilities		
Increase in trade and other receivables	(75,466)	(185,360)
Decrease in trade and other payables	(423,409)	557,604
Cash outflow from operations	(5,038,595)	(3,532,355)

NOTE 16: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Group's financial instruments, consists mainly of deposits with banks, accounts payable and receivables and convertible notes.

i. Risk management

A finance committee consisting of senior executives of the Group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The finance committee's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

ii. Financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are interest rate risk, credit risk and price risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 16: FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk
Interest rate risk is managed with a mixture of fixed and floating rate debt.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as discloses in the statement of financial performance and notes to the financial managements.
Credit risk is managed on a Group basis and reviewed regularly by the finance committee. It arises from exposures to customers as well as trough certain derivative financial instruments and deposits with financial institutions.
The finance committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an ‘A’ rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the Group’s strict credit policies may only purchase in cash or through banks or financial institutions.

Credit risk for counter parties included in financial assets and financial liabilities, at 30 June 2013 is detailed below:

	Group	
	2013	**2012**
Receivables	365,748	461,189
Total	365,748	461,189

Liquidity risk
The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The following table illustrates the contractual maturities of the Group’s financial liabilities:

	Group	
	2013	**2012**
Within six months	-	3,883,416
6 – 12 months	211,065	-
Between 1 and 2 years	-	-
	211,065	3,883,416
Total contractual cash flows	211,065	3,883,416
Carrying amount of liabilities	-	-
Non - interest bearing	-	1,002,761
Fixed interest rate	211,065	2,880,655
Variable interest rate	-	-
	211,065	3,883,416

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 16: FINANCIAL RISK MANAGEMENT (continued)

b. Financial Instrument

Price risk sensitivity analysis

The Group is currently in the exploration phase therefore movements in commodity prices within reasonable ranges would not have a material impact on the comprehensive loss for the year.

NOTE 17: RELATED PARTY TRANSACTIONS

	Group	
	2013	**2012**
	$	**$**
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
During the year, the Group used the services of Butmall Pty Ltd (a company associated with the former Managing Director, Howard Renshaw) for the provision of management in corporate and financial advisory services.	40,000	50,333
Entitlement paid in relation to annual leave (reimbursement of accumulated leave) - This amount was paid to Butmall Pty Ltd to reimburse that company for annual leave entitlements whilst the subject of the services contract. The use of the services company during the years resulted in cost savings in on costs in relation to Mr Renshaw's provision of services.	13,822	151,462
Entitlement paid in relation to long service leave (reimbursement of accumulated leave) - This amount was paid to Butmall Pty Ltd to reimburse that company for long service leave entitlements whilst the subject of the services contract. The use of the services company during the years resulted in cost savings in on costs in relation to Mr Renshaw's provision of services	37,049	-
This amount was paid to Butmall Pty Ltd to reimburse that company for termination benefits whilst the subject of the services contract.	240,000	-
This amount was paid to Butmall Pty Ltd for sub-underwriting fee pursuant to agreement	12,000	-
During the year, the Group used the services of DFK Richard Hill Pty Ltd for the provision of corporate advisory, taxation and accounting services at commercial rates. Mr Richard Hill was a director of DFK Richard Hill Pty Ltd during the financial year.		
• Preparation of financial statements for half year review and annual suitable for audit, assistance with preparation of Annual Report. Services in relation to taxation and Goods and Services Tax	53,493	114,821
• Corporate advisory fees in relation to fund raising, underwritings and material resource contracts	158,617	45,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

	Group	
	2013	**2012**
	$	**$**
NOTE 17: RELATED PARTY TRANSACTIONS (continued)		
• Receipt of monies to be held in trust and payable to the Australian Taxation Office in respect of personal income tax attributed to Mr Howard Renshaw	60,000	-
Payment to Morbride Pty Ltd for corporate fee at a commercial rate. David Usasz is a director of the company.	79,800	18,000
Payment to Bradley's Polaris Pty Limited <ATF The Bradley SF> at a commercial rate for Rights Issue Shortfall Placement fee. Mr John Bradley is a director of the company.	40,000	-
Payment to Brian Rear for technical advisory fee at a commercial rate.	30,000	39,000
Payment to TRM Consulting Pty Ltd for interim Chief Executive Officer fee at a commercial rate. Mr Anthony Martin is a director of the company.	61,166	-
Payment to Guang Tong Developments Limited (a company domiciled in the British Virgin Islands) for Loan Arrangement fee at a commercial rate. Mrs Cathie Wu is a director of the company	30,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 18: EARNINGS PER SHARE

	Group	
	2013 cents	**2012 cents**
Basic / Diluted loss per share	3.42	1.73

	Group	
	2013 $	**2012 $**
Reconciliations of losses used in calculating loss per share:		
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share	20,314,357	7,127,920
Loss attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	20,314,357	7,127,920

	Group	
	2013 No.	**2012 No.**
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	593,663,282	411,655,053
Adjustments for calculation of diluted earnings per share		-
	593,663,282	411,655,053

Options are considered potential ordinary shares for the purposes of diluted earnings per share. However, at 30 June 2013 and 30 June 2012, based on the circumstances of the consolidated entity, the options are not considered dilutive and therefore have not been used in the calculation of diluted earnings per share.

NOTE 19: SEGMENT NOTE

The Group has identified its operating segment based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segment is identified by Management as an area of interest, discrete financial information about this operating segment is reported to the executive management team on at least a monthly basis.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 (Continued)

NOTE 20 EVENTS AFTER REPORTING DATE

On 9 July 2013 the Company filed a Statement of Claim in the Federal Court of Australia against its former Managing Director, Mr Howard Victor Renshaw and his controlled entity Butmall Pty Ltd. DFK Richard Hill Pty Limited is named as a third defendant in the Statement of Claim, but solely in its capacity as the holder of funds paid to its trust account. The Statement of Claim pertains to payments that were made to Mr Renshaw and Butmall Pty Ltd in the amount of $677,333 in aggregate, following Mr Renshaw's ceasing to be the Managing Director of the Company in October 2012. Costs and interest are also claimed.

On 29 August 2013 Mr Howard Victor Renshaw and his controlled entity Butmall Pty Ltd filed a defence to the aforementioned Statement of Claim filed by the Company on 9 July 2013. In addition the parties lodged a Counter Claim against the Company on the 29 August 2013 pursuant to which they seek payment of: $110,000 plus interest at 12% per annum from 21 December 2012 to the day of payment; $161,894 plus GST and interest at Court rates until the date of payment; damages; interest and costs on an indemnity basis. It is the Company's present intention to fully defend the Counter Claim.

On 2 July 2013 Mr Anthony Martin resigned as Chief Executive Officer and Mr Riccardo Vittino resigned as Chief Financial Officer and Company Secretary by providing three month notice to the Company.

On 30 July 2013 the Company appointed Dr Lakshman Jayaweera as Chairman. On 1 September 2013 the Company appointed Mr Eddy Wu as Chief Executive Officer.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
    b. give a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included in pages 17 to 21 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2013, comply with section 300A of the Corporations Act 2001.
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Chairman
27 September 2013
Sydney NSW

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Fax: 61 2 9240 9821
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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Queensland Mining Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Queensland Mining Corporation Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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 report.

Opinion

In our opinion:

(a) the financial report of Queensland Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. This condition, along with other matters as set out in Note 1, indicates 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 21 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Queensland Mining Corporation Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

Grant Saxon

Partner

Sydney, 27 September 2013

CORPORATE DIRECTORY

DIRECTORS
Dr Lakshman Jayaweera (Chairman, appointed 21 January 2013)
Mr Eddy Wu (CEO, Executive Director, appointed 8 August 2013)
Mr Jun Qiu (Non-Executive Director, appointed 21 June 2013)
Mr John Bradley (Alt. Director to Lakshman Jayaweera, appointed 10 April 2013)
Ms Joyce Wang (Alt. Director to Jun Qiu, appointed 21 June 2013)

COMPANY SECRETARY
Mr Pipvide Tang (appointed on 8 August 2013)

Mr Riccardo Vittino (appointed on 21 March 2013)

REGISTERED OFFICE
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Please note as from 1 October 2013 new HEAD OFFICE contact details as follows:

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REGIONAL OFFICE
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SHARE REGISTRY
Boardroom Pty Limited.
Level 7
207 Kent Street
Sydney NSW 2000

AUDITORS
BDO Chartered Accountants
Level 11, 1 Margaret Street
Sydney NSW 2000