

# Queensland Mining Corporation Limited



ABN 61 109 962 469

ASX: QMN

Quarterly Report - 29 July 2011

For the Quarter Ended 30 June 2011

New initiatives in the June quarter 2011 included finalisation of plans to exploit the Company's flagship copper/cobalt/gold deposits at White Range. Planning and drillhole design for the 30,000 metres RC and DDH program for 2011 drilling season. Recruitment of key executives to drive the Company's transition to be a copper producer.

## HIGHLIGHTS.

<p><b>WHITE RANGE</b></p> <ul style="list-style-type: none"> <li>- Greenmount</li> <li>- Kuridala</li> <li>- McCabe</li> <li>- Vulcan</li> </ul>	<ul style="list-style-type: none"> <li>◆ Discussions continued with nearby operators who have existing or soon to be commissioned processing capacity with a view to possible third party treatment of Company's ore;</li> <li>◆ after review of geology and historical geochemistry, geophysical and geotechnical data, new drill targets have been identified for coming field season with a view to substantially expanding copper resource base</li> </ul>
<p><b>GOLD</b></p> <ul style="list-style-type: none"> <li>- Mt Freda</li> <li>- Gilded Rose</li> </ul>	<ul style="list-style-type: none"> <li>◆ QMC is continuing to develop a regional gold play in the Cloncurry district based on known deposits within its exploration portfolio and existing plant and infrastructure with a view to fast tracking gold production. Initial resource estimates were announced during the March quarter:</li> <li>◆ Mt Freda - 1.6 Million tonnes at 1.7g/t Au for 89,000 oz Au and 290 ppm of Cobalt</li> <li>◆ Gilded Rose – 143,000 tonnes at 4.2 g/t Au for 19,000 oz Au</li> </ul>
<p><b>EXPLORATION</b></p>	<ul style="list-style-type: none"> <li>◆ planning was completed for a 30,000 metre RC and diamond drilling programme to commence in July to focus on the White Range project area, in particular at Greenmount leases, Young Australian, Black Fort area IOCG and Morris Creek; drilling has commenced</li> <li>◆ first phase of drilling comprising 10,000 metres commenced late July. A second phase comprising 20,000 metres is planned to commence in September</li> <li>◆ discussions continued with possible exploration joint venture partners on the Company's extensive EPM acreage</li> </ul>
<p><b>CORPORATE</b></p>	<ul style="list-style-type: none"> <li>◆ a \$3.0 million loan has been received from Tulla Resources Group Limited to provide working capital, fund the current season drilling programme and contribute toward update of feasibility study on White Range project</li> <li>◆ cash position as at 30 June 2011- \$ 1,001,000</li> <li>◆ independent research report prepared by CK Locke &amp; Partners suggests fundamental valuation price target of 28 cents per share (refer page 4), the report concludes QMC is undervalued based on fundamental discounted cash flow valuation and peer group comparisons</li> <li>◆ Mr Brian Rear was appointed as a non-executive director</li> <li>◆ Key senior management appointments improves depth and capacity of management team to deliver on White Range and other projects (refer to page 2)</li> </ul>

## Board and Management

The Company announced a number of senior appointments during the quarter to enhance depth and quality of the management team.

### **Brian Rear – appointed Non-Executive Director: 19 May 2011**

Brian Rear has extensive work and management experience in Australian, Papua New Guinea, the United Kingdom, Africa and Asia. He has first hand experience in copper processing and metallurgical recovery, gold, uranium, base metals, thermal coal, mineral sands and industrial minerals. In his 40 years in the industry Brian has a wide range of experience from plant operator to chairman of the board, including periods with Rio Tinto and Anglovaal Limited in South Africa.

Brian was a founding director and CEO of Straits Resources Limited from 1991 until 2002 a successful copper, gold and coal mining, exploration and production group in Australia and Asia. As Managing Director of CopperCo from 2005 to 2008, Brian was also responsible for the development of the Lady Annie copper project near Cloncurry, Queensland.

### **Mr Richard Swann - appointed as General Manager Operations**

Richard has been appointed to oversee the development of the various mining projects within the Company and assisting the company with the White Range Definite Feasibility Study and the evaluation and development of other copper and gold mining projects.

Richard holds a Bachelor of Engineering (Mining) degree from the University of Queensland and an MBA from Deakin University. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors and has served on the executive committees of the NSW Minerals Council and the NT Minerals Council.

Richard Swann has been employed in the mining and resources industry for over 30 years and has extensive and varied experience in the management of mining and operations across many metals. He has held a number of senior executive positions in a number of public companies. Richard has particular expertise overseeing feasibility studies and in project development being responsible for establishing a gold mine for Peak Hill Resources in WA, a gold and copper mine for Northparkes Mines in NSW.

### **Mr Stephen Maffey - appointed as General Manager Commercial**

Stephen has been appointed to oversee all of the commercial aspects of the Company and most particularly he will be responsible for corporate and commercial matters, contractual commitments and arrangements, legal matters, corporate governance and risk management.

Stephen is an economics and Law graduate from the University of Sydney. After an initial 5 years with Hunt and Hunt employed as a solicitor he moved to London where he spent 12 years with SJ Berwin LLP, an international law firm where he specialized in negotiating and implementing complex agreements. Stephen has strong strategy development and management skills having served on the board of Sherwin LLP. In his role at QMC, Stephen will be integrally involved in advising the Managing Director and the Board on strategies and contractual arrangements on company projects.

### **Mr Mike Anglin – appointed as Senior Consultant**

Former COO of BHP Billiton's Base Metals Business Group

Mike is a qualified mining engineer and has had a long career with BHP Billiton, most recently as COO of its Base Metals Group. Last year Mike served as interim CEO of Silver Standard, a company listed on the TSX and Nasdaq. He brings over 30 years of expertise in the international mining industry.

Mike has considerable business development experience of project evaluation, M&A and asset sales being involved as a senior member of the acquisition team in relation to the purchase of the Magna copper company and having led on the sale of the Tintaya operation in Peru to Xstrata. He has extensive operational and management experience with BHP Billiton of both single site and multiple operations and has had significant involvement with the development of strategy at both a business and corporate level.

#### **Dr Jon Gilligan – appointed as Senior Consultant**

Former VP of Special Projects BHP Billiton

Dr. Gilligan, a senior geologist, with a PhD in Economic Geology, and has 27 years international experience in exploration and mining, 17 of which were with BHP Billiton where he was most recently the Vice President of Special Projects. Jon has extensive experience in exploration and resource development, feasibility studies, capital projects and the mining of copper, gold, nickel and uranium and has spent considerable time at the Escondida and Olympic Dam mines. During his period at Escondida he served as chief geologist, technical services manager and manager of mines operations. At Olympic Dam Jon was deputy project director.

#### **Research Report by CK Locke and Partners**

On 1 July 2011 Perth based CK Locke and Partners completed an update of a comprehensive research report on Queensland Mining Corporation Limited. The report with the headline ***“QMN: Growing and Still Independent”*** is available for review on the Company’s website [www.qmcl.com.au](http://www.qmcl.com.au).

The report is based on a fundamental analysis of the Company’s copper assets as well as a comparative value analysis with the Company’s Australian based peer group companies with copper projects at production or preproduction stage.

Also of interest to shareholders and investors, the CK Locke report:

- (a) draws attention to recent corporate transactions and underlying asset valuations implied from the sale and purchase of copper and gold assets in the Cloncurry district where the Company operates, and
- (b) provides a brief overview of regional developments with third party processing capacity and mine infrastructure, of interest to the Company given its stated strategies and objectives to generate early cashflow from alliances and joint ventures with local players.

The report is also posted for viewing on CK Locke’s website, [www.cklocke.com](http://www.cklocke.com) (under ‘research and advice’ tab).

## 1.0 Corporate

The Company's medium term objectives are summarized as follows:

- to become a stand-alone copper producer in the medium term - within 24 months
- to generate a cash flow from third party treatment of our copper resources within 12 months
- to extract value from gold assets by bringing into production, sale or spin-out.

### Strategy

The Company's strategies to achieve these objectives are summarized thus:

- **White Range deposits:** complete definitive feasibility study and project optimization including integration of Young Australian deposit
- **other copper assets:** leverage off third party spare processing capacity through joint venture or toll treatment arrangements; sell or joint venture non-core deposits such as Stuart to generate cash;
- **gold assets:** build on initial JORC resources and develop for early cash flow; pursue possible farm-out /JV with regional players or evaluate possible spin out opportunity.

The Company believes its strategy of pursuing joint venture partners and farm outs to fund planned drilling and ongoing exploration will assist to conserve cash and minimize future equity dilution to shareholders.

### Loan Facility

During the quarter the Company secured a \$3.0 million working capital facility from Tulla Resources Group Limited. Proceeds from the loan will contribute toward funding 20,000 metres of drilling, update of the feasibility study for White Range and general working capital. The agreed terms of the loan are:

- **security:** loan is unsecured
- **repayment date:** repayable by 31 October 2012
- **interest:** payable at 10% pa, quarterly in arrears
- **options:** subject to shareholder approval to be sought by 30 November 2011, Tulla to be issued with 6,000,000 unlisted options exercisable within 3 years at a price of 10 cents each
- **early repayment:** QMC has the right of early repayment by cash or share consideration (calculated at 10 preceding days volume weighted average price or VWAP) without penalty.

### Presentations at Investorium and Global Mining Conference

The Managing Director, Mr Howard Renshaw delivered presentations at the *Investorium* Conference in Sydney on 4 July and also at the *Global Mines Conference* held in Sydney on 5 July.

Further presentations during the current quarter have been scheduled.



## 2.0 JORC position and Target Resources – drilling program

The company's JORC at White Range Project which includes the Young Australian as 30.7Mt @ 0.8% Cu, 0.04%Co, 0.17 g/t Au, which contain copper of 231,000 t, 24 million pound of cobalt and 167,000 ounce of gold. The Stuart project, just west of Selwyn Mine, has a reported JORC resource of 5.6 Mt @ 0.6% Cu, 0.14 g/t Au which contain copper of 31,000 t and 25,000 ounce of gold. For full JORC statement refer to appendix.

The Current planned drilling program of up to 30,000 m of RC and Diamond drilling is targeting an increase of resources to 320,000 -400,000 tonnes of contained copper at an average grade of 0.8-1% Cu with credits of cobalt, gold and silver.

**Focus of the current exploration drilling program to support the White Range project area to increase copper inventory and enhance the Definite Feasibility Study upgrade which has commenced based upon the previous 2005 Matrix BFS as reported then to the market.**

**(a) White Range Copper Project** (main area of focus) comprising the Greenmount ML, Vulcan ML, Greenmount MDL 205, Copper Canyon MDL204 and surrounding EPMs, Kuridala (Hampden copper mine and Trump), Mt McCabe, Black Fort/ Sierra Line, the Young Australian MLs, and Answer ML.

The recent estimate of mineral resources at the Greenmount ML (1207.1 Ha) is 12.3 Mt at 0.8% Cu, 0.06% Co and 0.3g/t Au (see Appendix for Resources summary table). The Company is targeting an additional resource between 6Mt-8Mt @ 1% Cu. At the nearby Greenmount MDL 205 (3,836Ha) the Company is targeting between 4Mt-6Mt @ 1%-1.2% Cu at a number of targets including Painted Peaks, Olmeh, Ten Gram Hill, Porcupine, Hunters, Vulcan West and Vulcan Extensions, Desolation West, Mt Martin, Speculation, Mt Hoshua and Mt Leone.



Young Australian deposit, now part of White Range Project

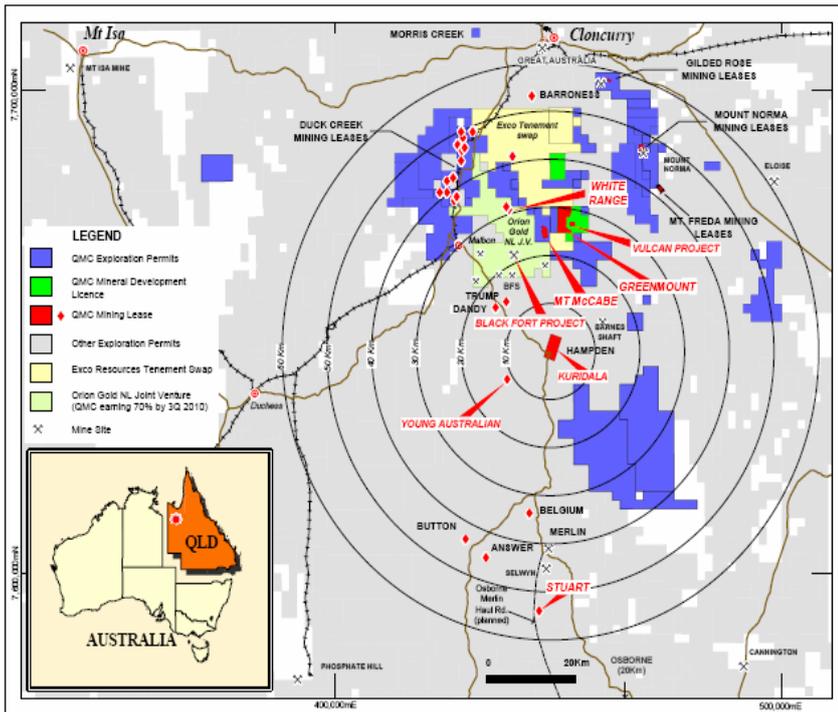


Figure 1 – White Range group of Tenements

**Two project areas:**

The first one is Greenmount and the second being Kuridala. Within both project areas, there are two core areas.

**Greenmount area- 250,000 -350,000t Cu**

- a) Greenmount (JORC plus target resource -150,000 -200,000 t Cu) and
- b) Black Fort, Mt McCabe, Sierra ( JORC plus target resource - 100,000-150,000t Cu)

**Kuridala area – 150,000-200,000 t Cu**

- a) Hampden copper mine (JORC plus target resource - 80,000-90,000 t Cu), Trump (Target resource - 10,000-20,000 t Cu)
- b) Young Australian (JORC plus target resource - 50,000 -70,000t Cu), Answer (Target resource - 10,000-20,000 t Cu)

Current planned drilling program is to increase QMC's JORC resource position.

The Company plans to update a feasibility study on White Range completed by Matrix Metals in 2005, at which time the copper price was around US\$1.44/lb (US\$3,160/t) compared to the average price in the last 5 years of US\$3.21/lb (US\$7,070/t) and recent prices above US\$4.10/lb (US\$9,000/t) (Figure 2).

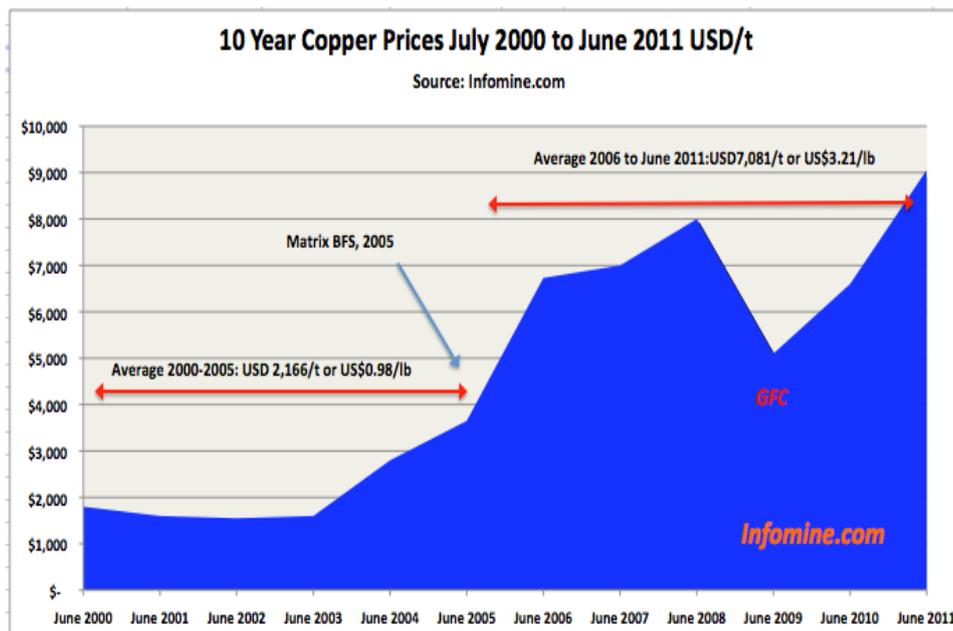


Figure 2 – Copper prices June 2000 to June 2011

In addition to the pursuit of a possible stand-alone independent operation, the Company believes that the presence of existing or soon to be commissioned treatment plants in and around Cloncurry in close proximity to the Company’s deposits may provide an alternative pathway to early production. During the quarter the Company continued discussions previously commenced with such regional players to investigate possible joint venture, toll treatment and other arrangements to fast track production. The attendant benefits of using existing facilities include conservation of capital and minimization of the development and financial risk normally associated with greenfields projects.

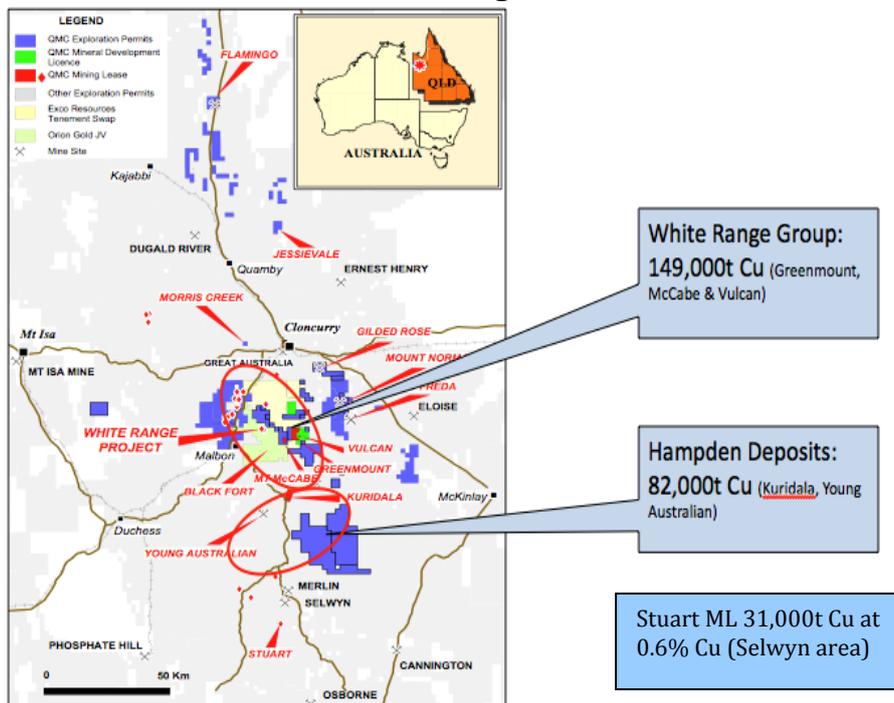
**(b) Other Copper Assets**

Comprising deposits and prospects in the Selwyn, Selwyn-north area located south of Cloncurry that include the Stuart deposit, plus the Answer, Belgium, Black Fort and Mt Norma prospects. In addition, the Company has eight IOCG targets south of Cloncurry and north of Cloncurry IOCG type exploration opportunities which include the Flamingo project, Jessievale and Morris Creek.

The Company considers that the best way to advance the development of its mining leases is to share the exploration and mine development risk with joint venture partners. Discussions with prospective partners continued during the quarter, particularly in relation to the south of Cloncurry leases where third parties have ground that is contiguous with known mineralization held by the Company.

With the Stuart deposit, given its location to the south of the main group of tenements at White Range, the Company will consider a possible outright sale of the deposit and is in discussion with possible buyers who have nearby processing capacity.

**JORC resources within the White Range- Kuridala area**



**(c) Gold assets**, comprising the Mt Freda and Gilded Rose deposits and surrounding EPMs in the southeast of Cloncurry.

With initial JORC classified gold resources now established at Mt Freda and at Gilded Rose, (*refer Appendix*), the Company views its gold assets as part of a regional gold play for early cashflow, particularly given the buoyant gold price and strong outlook. Clearly the resource base needs to be bigger to justify development and consideration is being given to the best way to fund the necessary exploration to bring this about.

This includes a possible joint venture farm-out, or a spin out into a separate vehicle with dedicated management and financial resources that would enable accelerated development, possibly with other known deposits in the district to create sufficient scale to justify development. Pending the outcome of these considerations, the Company plans to conduct further drilling during the forthcoming field season designed to increase current JORC resources.

### 3.0 Exploration Activities Report

Field exploration has been delayed by the prolonged wet season prevalent in the Cloncurry region during the current quarter. As a result, limited field work has been undertaken for the quarter ended on 30 June 2011.

#### Gilded Rose Gold Project:

QMC's Gilded Rose gold project consists of 4 granted mining leases (ML2709, ML2713, ML2718 and ML2719) totalling 66.4 hectares, a gold processing plant and the surrounding EPM14475 covering an area of 35km<sup>2</sup>. During the quarter a comprehensive lag sampling program was carried out over the entire tenement. In total, 301 samples of +1-4mm sieved material were collected on an effective grid of 350m by 350m. Compilation and review of the lag sampling results have highlighted multiple areas of moderate to strong gold (Fig. A) and copper (Fig. B) anomalism. The broad gold anomaly in the central west of the EPM correlates with the Gilded Rose gold deposit while the two anomalies further to the east have not been identified before and require follow-up investigation for additional gold mineralization.

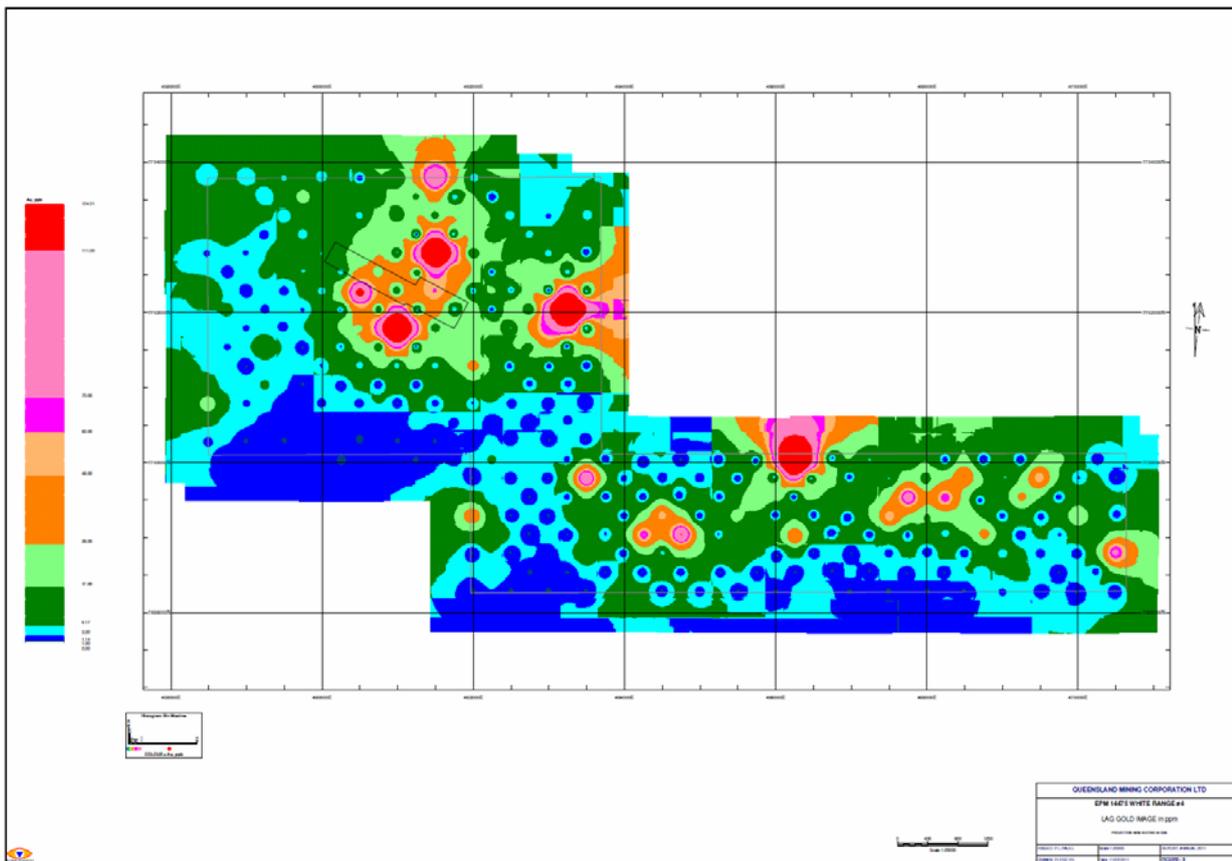


Fig. A Gold in lag contour at Gilded Rose

In addition, the lag sampling has also outlined two strong copper anomalies located on the northwest margin of the tenement. Altered breccia and malachite stained outcrops were noticed during sampling traverses. Follow up geological mapping has been planned to document the distribution of alteration and mineralized rocks prior to drill testing of priority targets for copper discovery.

The newly defined gold and copper anomalies by the lag sampling plus the very positive drill intersection of up to **19m @ 5.53g/t Au** returned from the last year’s RC drill program indicate the potential for major gold discovery in Gilded Rose. A new phase of drilling campaign has been planned and about 20 RC holes will be drilled to test the 1.5km strike length of the Gilded Rose trend and the newly identified gold and copper anomalies in the current field season.

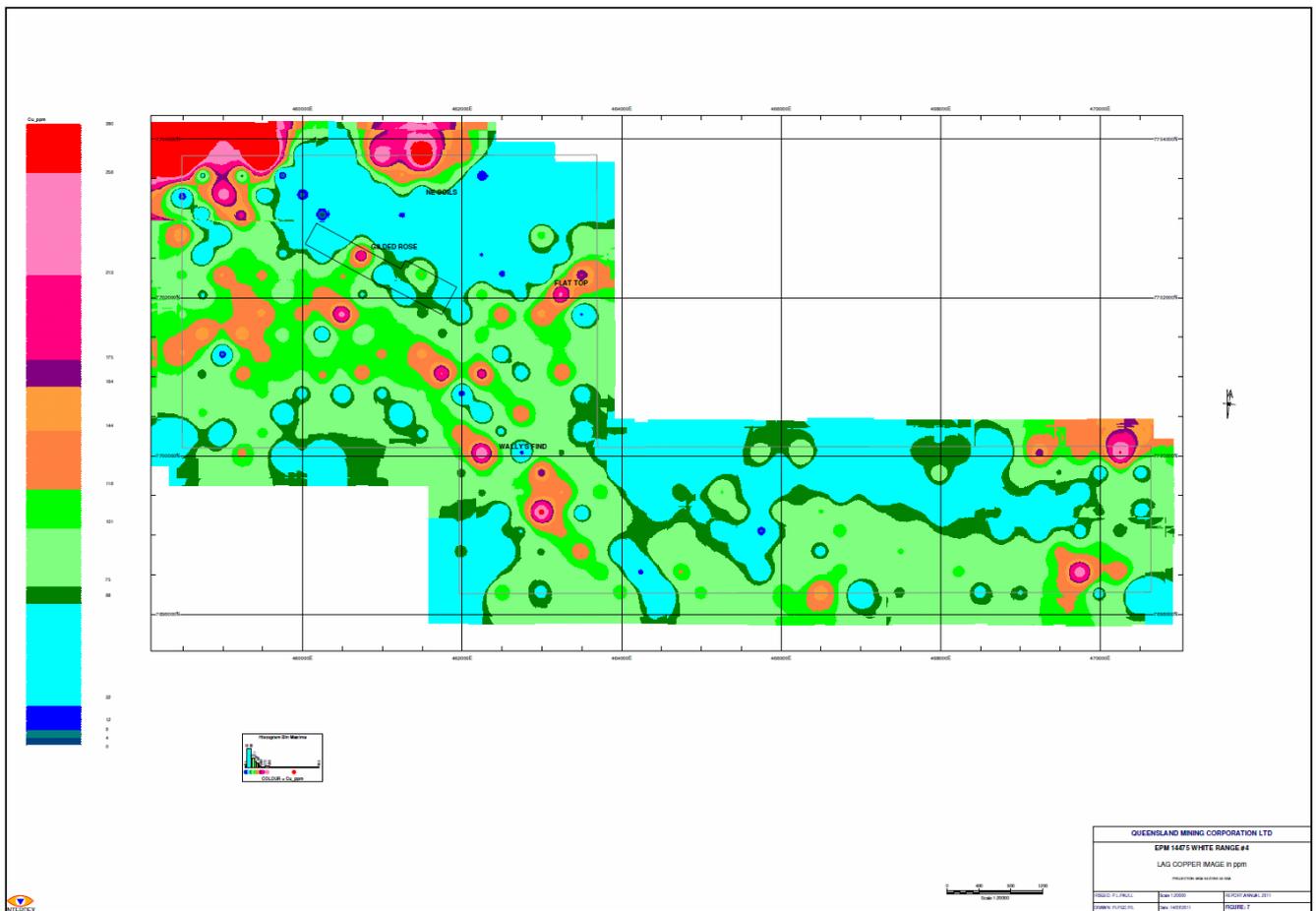


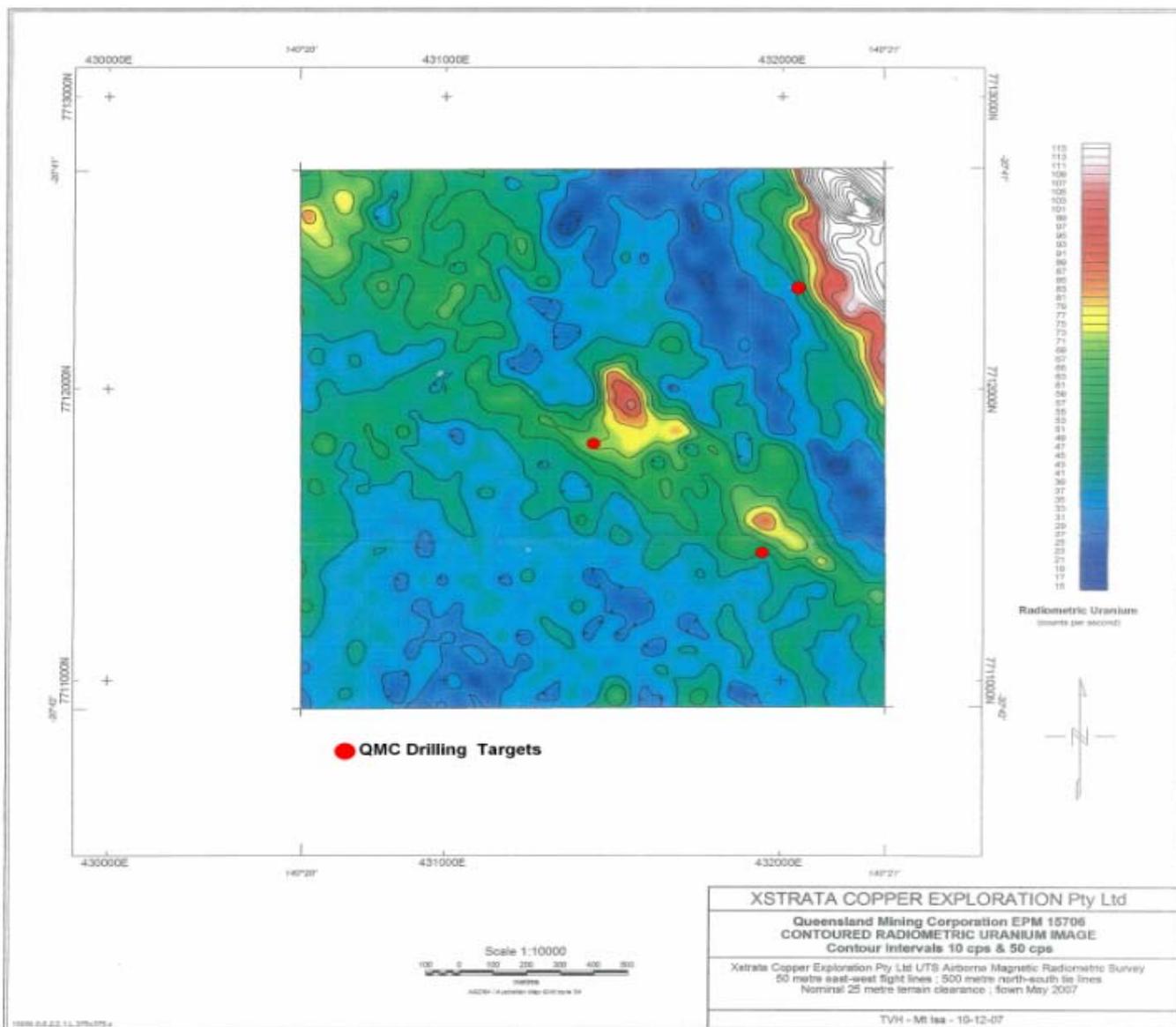
Fig. B Copper in lag contour at Gilded Rose

### Mt Freda Gold Project

Following the announcement of a maiden JORC resource of 1.6 Mt@ 1.7g/t Au and 290ppm Co in the previous quarter, a rock chipping program was undertaken to assess the grade distribution of the low grade ore stockpiled by the previous miner. A total of 215 samples comprising both rock chips and fine material were collected and assayed for gold and other base metal elements. The raw dataset yields an average gold value of 1.17g/t Au with a maximum of 31.4g/t Au. The total tonnage of the stockpile was estimated at 12,000t, containing approximately 460 ounces gold.

### Morris Creek EPM15706 –IOCG target

Drilling has been planned during this current season to follow up important new identified targets at Morris Creek not previously drilled from geophysical and geochemistry work that was carried out over the pass year. Further, QMC will follow up with diamond drillholes on the western side of Morris Creek where a previous drilling encountered mineralization which needs to be further investigated by deeper drilling. (Refer to previous drilling reports released to the ASX on 18 Feb 2010 and 5 March 2010)



### Preparation of Drilling Programs

The first phase of 10,000 RC (reverse circulation) drilling program has been prepared during the quarter. This includes finalization of drill proposals, organization of plan of operations for the holes drilled into mining leases and site clearance with Native Title claimant groups for the holes falling into EPM plus preparation of drill pads and access roads. The designed drill programs cover several top priority prospects and targets within the Company’s southwest Cloncurry tenements. They are Duck Creek, Mt McNamara, Trump, Young Australian and Answer projects. A powerful RC rig was booked and drilling commenced late July 2011.

## Appendix

### QMC JORC RESOURCE POSITION (all categories, 0.2% cut-off)

PROJECT	RESOURCE	CONTAINED COPPER t	CONTAINED COBAL T M lbs	CONTAINED GOLD OZ
<b>WHITE RANGE (0.2% Cu cut-off unless stated otherwise)</b>				
GREENMOUNT	12.3 Mt @ 0.8% Cu, 0.06% Co, 0.3g/t Au	96,000	16.3	119,000
KURIDALA	7.2 Mt @ 0.8% Cu, 0.02% Co, 0.21g/t Au	61,000	3.2	49,000
MCCABE	7.7 Mt @ 0.6% Cu, 0.02% Co	44,000	3.4	-
YOUNG AUSTRALIAN	2.1 Mt @ 1.03% Cu	21,000	-	-
VULCAN	1.4 Mt @ 0.7% Cu, 0.02% Co	9,000	0.5	-
<b>SUB-TOTAL WHITE RANGE</b>	<b>30.7Mt @ 0.8% Cu, 0.04% Co, 0.17g/t Au</b>	<b>231,000</b>	<b>23.4</b>	<b>168,000</b>
STUART	5.6 Mt @ 0.6% Cu, 0.002% Co, 0.14g/t Au	31,000	2.5	25,000
FLAMINGO (1.0% cut-off)	0.1 Mt @ 6.0% Cu, 1.8g/t Au	7,000	-	7,000
<b>TOTAL, COPPER DEPOSITS</b>	<b>36.4 Mt @ 0.7% Cu, 0.03% Co, 0.17g/t Au</b>	<b>269,000t</b>	<b>25.8 M lbs</b>	<b>200,000 oz</b>
<b>GOLD:</b> Mt Freda, 1.8Mt @ 1.7g/t Au for 89koz; Gilded Rose 143kt @ 4.2g/t Au for 19kt oz (0.5g/t cut-off): <b>108,000 oz</b> for Cloncurry deposits, <b>308,000 oz</b> global total				

## Note in relation to Resource

### Estimates

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

Information in this presentation that relates to exploration results and Mineral Resources is based on information compiled by Max Tuesley a consultant to QMC and a Member of the Australasian Institute of Mining and Metallurgy and on information compiled by Guojian Xu, a Member of Australasian Institute of Mining and Metallurgy and a Fellow of the Society of Economic Geologists. Dr Guojian Xu is a consultant to Queensland Mining Corporation Limited through Redrock Exploration Services Pty Ltd. Dr Xu has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Mr Tuesley has reviewed and compiled all of the resource modeling work and has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Reserves, the JORC Code'. Mr Tuesley & Dr Xu consent to the inclusion in the presentation of the matters based on information in the form and context in which it appears.

#### 2.0 For Young Australian and Gilded Rose deposits

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

#### 3.0 For Mt Freda deposit

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

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

Queensland Mining Corporation Limited

ABN

61 109 962 469

Quarter ended ("current quarter")

30 JUNE 2011

### Consolidated statement of cash flows

	Currentquarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(667)	(4,404)
1.3 Dividends received	(490)	(2,601)
1.4 Interest and other items of a similar nature received	22	71
1.5 Interest and other costs of finance paid	-	(76)
1.6 Income taxes paid		
1.7 Other – GST refund	43	403
- R & D grant received	-	147
<b>Net Operating Cash Flows</b>	(1,092)	(6,460)
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)mining assets (c) other fixed assets	(8)	(2,250) (30)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		510
<b>Net investing cash flows</b>	(8)	(1,770)
1.13 Total operating and investing cash flows (carried forward)	(1,100)	(8,230)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,100)	(8,230)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	5,908
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-	(1,000)
1.18	Dividends paid		
1.19	Other (prior quarters issue cost)	-	(127)
	<b>Net financing cash flows</b>		4,781
	<b>Net increase (decrease) in cash held</b>	(1,100)	(3,449)
1.20	Cash at beginning of quarter/year to date	2,101	4,450
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b> (see note "reconciliation of cash at para 5)	1,001	1,001

**Note:**

Since balance date, the Company has received the proceeds of a loan from Tulla Group of \$3 million as previously announced.

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	228
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payment to Morbride Pty Ltd in which David Usasz is a director for corporate advisory work including capital liquidity issues, bridging finance and other corporate negotiations with external parties.	\$22,000
Payment to DFK – Richard Hill of which Richard Hill is a director	
- Company secretarial, director's fees and company admin	30,000
- Half yearly and monthly accounts including liaison with external auditors	25,000
- Corporate Advisory matters relating to contract negotiations with new employees and contractors	
- Capital markets initiatives and strategies	
- Assistance with strategy and negotiations with potential 3 <sup>rd</sup> party joint venturers	<u>37,000</u>
	<u>\$92,000</u>
Payment in relation to full time services of Howard Renshaw – full time service contract	54,000
Bonus payment relating to year ended 30 June 2010	<u>60,000</u>
	<u>\$114,000</u>

+ See chapter 19 for defined terms.

**Non-cash financing and investing activities**

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

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

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	800
4.2 Development	
4.3 Production	
4.4 Administration	350
<b>Total</b>	<b>1,150</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	261	62
5.2 Deposits at call (refer to note below)	258	509
5.3 Bank overdraft		
5.4 Other – Online saving account	482	1,530
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,001</b>	<b>2,101</b>

**Note:**

QMC monies held by Matrix Metals Ltd Liquidators pending lodgement of all documents in support of transfer (complied with) and delivery up to assignment documents, currently being finalised in relation to acquisition by QMC of White Range Project July 2010 from the Liquidator.

+ See chapter 19 for defined terms.

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

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**Changes in interests in mining tenements**

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

**Issued and quoted securities at end of current quarter**

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference</b>			
	<b>+securities</b> (description)			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	402,597,477	402,597,477	
7.4	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b>			

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+ See chapter 19 for defined terms.

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

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

+ See chapter 19 for defined terms.

## Compliance statement

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

Sign here:  Date: 29 July 2011  
Director

Print name: Howard Renshaw

## Notes

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

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