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

HALF-YEARLY REPORT
31 DECEMBER 2010

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DIRECTORS' REPORT

Your directors present this report on the Company and its subsidiaries for the six month period ended 31 December 2010 ("Reporting Period")

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

Mr David Usasz
Mr Howard Renshaw
Mr Richard Hill

Company Secretary

Mr Richard Hill

Corporate Review

1. The acquisition of the Cloncurry South Project Area held by Matrix Metals Limited (in Administration) which incorporated substantial JORC resources was completed on 16 July 2010 by the payment of $2.5 million cash and the issuance to Matrix Metals Limited of 25,000,000 QMC shares for total consideration of $5 million cash.

2. During the six months ended 31 December 2010, the company has incurred approximately $2.3 million represented by legal, corporate and finance fees, DEEDI (Mines Department) and DERM (EA) requirements including stamp duty, shire Council rates, bonds and annual license fees, due diligence geological and resource validations of the JORC resources within the Matrix Cloncurry South Project.

3. QMC engaged Golder Associates to carry out mineral resource estimates and validations of copper and further for gold and cobalt as no JORC resource estimates had been given from previous reporting. The deposits covered were Greenmount, Kuridala, Mt McCabe, Vulcan and Stuart.

4. The resource categories as announced from Golder's review at a 0.2% cut-off for the JORC resources purchased from Matrix Metals now totals:

   240,000 tonnes of contained copper metal;
   11,000 tonnes of Cobalt; and
   195,000 ounces of gold**.**

5. On 16 November 2010, CK Locke and Partners carried out a research report on QMN and reported that:

   "*fundamental valuation suggests a price target of $0.28 per share (of which 25 cents represents the valuation of White Range. The White Range valuation derived from two variable sensitivity analysis ranges between 8 cents and 57 cents*" and further

   "*Based on our comparative analysis of its peer group QMN appears to be trading at a considerable discount to underlying asset value, confirming our view that the company has inherent upside in its share price*."

6. During the quarter ended 30 September 2010, QMC reported capital raisings of $5,380,000. QMC repaid a loan of $1,000,000 to Tulla Resources Group Pty Ltd and further expenses consisting of interest payments, corporate and capital raising fees totalled $510,000.

7. QMC as at 31 December 2010 has no debt and $3.5 million cash and receivables.

Review of Operations

12,100 metres of RC and diamond drilling was completed and reported from the following mining leases with the exception of Flamingo (4900 metres RC) (drilled during the months of May / June 2010):

1. Flamingo (ML’s);
2. Gilded Rose (ML’s);
3. Mt Freda (ML’s) ;
4. Young Australian (ML’s);
5. Black Fort (EPM’s) (joint venture – QMC earning 70%);
6. Jessievale (EPM’s).

Significant copper and gold resources were reported.

At Flamingo, a maiden inferred JORC resources of 117,000 tonnes at a head grade of 6% copper and 1.8g/t Au at a 1% Cu cut-off were announced.

At the Young Australian, a maiden indicated and inferred JORC resource of 21,200 tonnes of copper average grade 1% at a 0.2% cut-off grade was announced from the current drilling program.

At Mt Freda, a maiden inferred JORC resource of 89,000 ounces of gold at an average grade of 1.7 g/t AU at a 0.5% cut-off has been announced.

At Gilded Rose a maiden JORC resource from the drilling programs is imminent.

At Morris Creek and Jessievale, extensive geophysical work was carried out in preparation for further follow-up diamond and RC drilling on these tenements proposed during 2011.

Significant intersections were encountered at the Young Australian and Black Fort and follow up drilling is planned during the forthcoming year on these tenements as well as further drilling on the mining leases within the White Range Project and Duck Creek Project Areas.

Corporate Strategy and Development

Copper Projects

The company issued a number of term sheets to interested parties and companies in the Cloncurry district inviting their interest in joint venturing and developing the company’s copper resources namely in the White Range Project Area south of Cloncurry.

The company wishes to mine and develop operations on their copper and gold mining leases and have entered discussions with third party process operators for the production of copper concentrate.

The mining of copper ore and delivery to third party processing operators for oxide and sulphide copper ore would give the company the opportunity of cash flow in the near future. The funding of such mining operations may be supported by QMC and/or joint ventures as well as third party processing operators.

QMC has commenced upgrading the Matrix metals 2005 BFS study in the first instance by engaging Golder Associates to review the resources, block modelling and wire frames at the various deposits. QMC is reviewing the metallurgical recoveries and processing paths at the various White Range mines and may have to carry out further metallurgical diamond drilling to recover core for metallurgical testing and processing requirements to determine the recovery of copper, cobalt and gold .

Gold projects

Drilling was carried out and good results were received at Mt Freda and the Gilded Rose mines during the period and have resulted in a maiden inferred resource at Mt Freda of 89,000 ounces of gold at a head grade of 1.7g/t at a cut-off grade 0.5 g/t Au. The Gilded Rose drilling returned good results and an imminent resource is expected to be announced.

An economic assessment is to commence at the Mt Freda gold mine and the Gilded Rose gold mine. The Mt Freda gold mine drilling and economic assessment will assist in the evaluation for the recommencement of gold production. The company is seeking a joint venture partner and/or an IPO to facilitate the mining, development and production of gold at these sites. Both sites have significant operational and infrastructure aspects in place from previous mining operations and at the Gilded Rose, a high grade plant is on care and maintenance. Mt Freda can be supported by the Gilded Rose gold mine plant and infrastructure and other QMC gold leases within the area

The company's focus in the forthcoming year is the development of its White Range Project Area containing substantial copper with credits of gold and cobalt as well as stand-alone gold projects. The company's immediate aim is to develop the various mine resources for early cash flow through joint ventures and third party processing.

Auditor's Declaration

The lead auditor's independence declaration under s307C of the Corporation Act 2001 is set out on page 6 for the half year ended 31 December 2010.

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

Yours faithfully,

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David Usasz	Howard Reshaw
Chairman	Managing director

AUDITOR'S INDEPENDENCE DECLARATION – HALF YEAR REVIEW FINANCIAL REPORT

Auditor's Independence Declaration

As lead auditor for the review of Queensland Mining Corporation Limited for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

PKF

Bruce Gordon
Partner

Sydney, 16 March 2011

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31.12.2010 $	31.12.2009 $
Other revenue	3,265	194,553
Interest received	28,189	15,590
Accountancy fee	(98,761)	(55,500)
Advisory services	(154,318)	(47,187)
Auditors' remuneration	(33,000)	(38,500)
Corporate development expenses	(31,848)	(98,869)
Depreciation expense	(233,305)	(178,918)
Employee benefit expense	(335,582)	(307,558)
Management expense	(126,667)	(154,363)
Corporate finance development	(672,005)	(35,000)
Finance cost	(51,397)	(280,036)
Other expenses	(796,853)	(688,169)
Loss before income tax expense	(2,502,282)	(1,673,957)
Income tax expense	-	-
Loss for the period after income tax	(2,502,282)	(1,673,957)
Other comprehensive income		
Other comprehensive income	-	-
Total comprehensive income for the period after tax	(2,502,282)	(1,673,957)
Basic and Diluted EPS (cents)	(0.62)	(0.93)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	31.12.2010 $	30.06.2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,408,310	4,449,865
Trade and other receivables		1,660,005	1,374,061
Inventory		75,000	75,000
TOTAL CURRENT ASSETS		4,143,315	5,898,926
NON CURRENT ASSETS			
Mining licences	7	14,529,831	9,672,151
Exploration and evaluation expenditure	8	13,835,265	12,339,900
Property, plant and equipment		4,902,979	5,132,921
TOTAL NON – CURRENT ASSETS		33,268,075	27,144,972
TOTAL ASSETS		37,411,390	33,043,898
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		469,261	668,333
Financial liabilities	9	-	1,000,000
TOTAL CURRENT LIABILITIES		469,261	1,668,333
TOTAL LIABILITIES		469,261	1,668,333
NET ASSETS		36,942,129	31,375,565
EQUITY			
Issued capital	10	55,737,730	47,712,444
Share option reserve		2,695,191	2,651,631
Accumulated losses		(21,490,792)	(18,988,510)
TOTAL EQUITY		36,942,129	31,375,565

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

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Issued Capital $	Share Option Reserve $	Accumulated Losses $	Total
Balance at 01.07.2009	31,693,879	2,413,067	(14,485,271)	19,621,675
Transactions with owners in their capacity as owners				
Share capital issued	7,034,700	-	-	7,034,700
Share issue cost	(472,125)	-	-	(472,125)
Conversion of options	363,750	-	-	363,750
	38,620,204	2,413,067	(14,485,271)	26,548,000
Comprehensive income for the period	-	-	(1,673,957)	(1,531,235)
Balance at 31.12.2009	38,620,204	2,413,067	(16,159,228)	24,874,043
Balance at 01.07.2010	47,712,444	2,651,631	(18,988,510)	31,375,565
Transactions with owners in their capacity as owners				
Share capital issued	8,297,242	-	-	8,297,242
Share issue cost	(271,956)	-	-	(271,956)
Share based payment	-	43,560	-	43,560
	55,737,730	2,695,191	(18,988,510)	39,444,411
Comprehensive income for the period	-	-	(2,502,282)	(2,502,282)
Balance at 31.12.2010	55,737,730	2,695,191	(21,490,792)	36,942,129

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

STATEMENT OF CASH FLOWS
FOR HALF-YEAR ENDED 31 DECEMBER 2010

	Note	31.12.2010 $	31.12.2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,145,475)	(1,259,030)
Interest received		28,189	15,590
Interest paid		(51,397)	(280,036)
Net cash used in operating activities		(2,168,683)	(1,523,476)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,363)	(593,920)
Payment for mining licences		(2,000,000)	(529,055)
Payment for exploration and evaluation expenditure		(1,626,395)	(1,128,447)
Net cash used in investing activities		(3,629,758)	(2,251,422)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		5,256,886	6,926,325
Deposit paid to third party		(500,000)	-
Repayments of borrowings		(1,000,000)	(2,500,000)
Net cash provided by financing activities		3,756,886	4,426,325
Net (decrease)/increase in cash held		(2,041,555)	651,427
Cash at beginning of period		4,449,865	394,303
Cash at end of period		2,408,310	1,045,730

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of half – year financial report

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore can not be expect to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half –year financial report should be read in conjunction with the annual financial report for the year ended 30 June 2010 and considered together with any public announcements made by Queensland Mining Corporation Ltd during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

NOTE 2: GOING CONCERN

The consolidated entity made an operating loss of $ 2,502,282 (2009: $1,673,957) and its net cash outflow from operations was $2,168,683 (2009: -$1,523,476) for the half-year ended 31 December 2010.

The ongoing viability of the consolidated entity and the recoverability of its non-current assets is dependent on the successful development or sale of its exploration and evaluation expenditure which is contingent on the successful implementation of various capital initiatives which may include future capital raisings.

The Directors believe that the exploration and evaluation expenditure will be either developed or otherwise dealt with and that the non-current assets are included in the Financial Report at less than their recoverable amount.

The Financial Report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations, project expenditure commitments and to repay liabilities and that the realisation of assets and settlement of liabilities will occur in the normal course of business. The Directors believe that the consolidated entity will be able to fund future operations through debt finance, equity raising and sale or joint venturing of interests held in mineral tenements and projects. At the date of this Report other sources of funds are being sought to fund future working capital requirements of the consolidated entity.

The Directors believe that they will be successful in raising sufficient funds to ensure that the consolidated entity can continue to meet its debts as and when they become due and payable. However, if additional funds are not raised, the going concern basis may not be appropriate with the result that the consolidated entity may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report. No allowance for such circumstances has been made in the Financial Report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010 (cont.)

NOTE 3: EXPLORATION ACTIVITIES

Detail of exploration activities are set out in the Directors' report

NOTE 4: CONTINGENT LIABILITIES AND COMMITMENTS

There are no changes to the contingent liabilities and commitments from the 2010 Annual Report.

NOTE 5: SEGMENT INFORMATION

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 HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 6: DIVIDEND

No dividend has been declared or is payable.

NOTE 7: MINING LICENCES

	31.12.2010 $	30.06.2010 $
Opening balance	9,672,151	7,667,721
Acquired during the year	4,857,680	2,004,430
	14,529,831	9,672,151

NOTE 8 : EXPLORATION AND EVALUATION EXPENDITURE

Opening balance	12,339,900	11,215,354
Capitalised during the year	1,495,365	1,124,546
	13,835,265	12,339,900

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.

NOTE 9: FINANCIAL LIABILITIES

Unsecured loan

CURRENT		
Unsecured loan*	-	1,000,000

* The Company has paid off the loan during the period ended 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 10: ISSUED CAPITAL

	31.12.2010	**30.06.2010**
	$	**$**
402,597,477 (30.6.2010: 316,632,589 fully paid ordinary shares)	55,737,730	47,712,444
Ordinary shares		
At the beginning of reporting period/year	47,712,444	31,693,879
Shares issued during the period/year	8,297,242	15,134,700
Options converted to ordinary shares during the period/year	-	2,163,125
	56,009,686	48,991,704
Less: Costs of capital raising	(271,956)	(1,279,260)
At the end of the reporting period/year	55,737,730	47,712,444
	No.	No.
At the beginning of reporting period/year	316,632,589	196,305,422
Shares issued during the period/year	85,964,888	109,974,667
Options converted to ordinary shares during the year	-	10,352,500
At the end of the reporting period/year	402,597,477	316,632,589

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, the Directors are not aware of any matter of circumstances that have arisen since the end of the period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of its operation or the state of affair.

DIRECTORS' DECLARATION

The directors of the company declare that:

The financial statements and notes, as set out on pages 7 to 14 are in accordance with the *Corporations Act 2001*:

a. comply with Accounting Standard AASB 134 "*Interim Financial Reporting*" and the *Corporations Regulations 2001*; and

b. give a true and fair view of the financial position as at 30 December 2010 and of the performance for the year ended on that date of the company and economic entity;

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.

This declaration is made in accordance with a resolution of the Board of Directors.

Chairman

Dated this 16 day of March 2011

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Queensland Mining Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Queensland Mining Corporation Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity. The consolidated entity comprises Queensland Mining Corporation Limited (the company) and the entities it controlled at 31 December 2010 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Queensland Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

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

PKF

Bruce Gordon
Partner

Sydney, 16 March 2011