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31 January 2010

ACTIVITY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2009

The Company during the past quarter has completed drilling programs at the Mt Freda gold mine, the Morris Creek copper gold tenement and the Flamingo mining leases for copper gold mineralisation, located in the Cloncurry Region, northwest Queensland.

An important milestone for the company was also reached during the quarter with the letter of intent signed with receivers of Matrix Metals to purchase the complete White Range Copper project.

Mt Freda Gold Mine(MLs , QMC 100%)—Diamond Drilling Program Completed

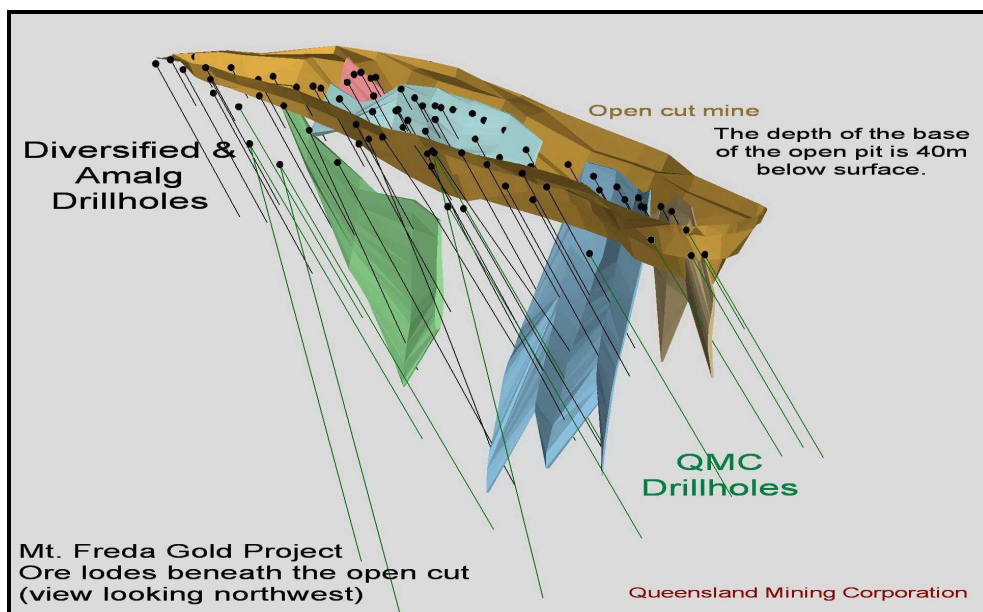


Figure 1: Oblique section through Mt. Freda Gold Project showing the lodes extending beneath the open cut mine.

During the quarter a 9 hole diamond drill program was completed at Mt Freda and successfully reinforced the potential for this deposit to host economic gold. An updated geological model has now been produced and what was previously interpreted to be a series of multiple shears is now showing good continuity along strike and excellent potential for both open cut and higher grade underground mining opportunities.

The mineralisation is characterised by quartz veining, brecciation and the presence of sulphides (pyrite). The host shear zones are oxidised in most places with other parts of the lode dominated by quartz-carbonate veining, suggesting a possible lithological control on mineralisation.

The depth of oxidation is currently interpreted to be at least 270 metres below the surface, offering superior potential for high metallurgical recoveries. This drilling has extended the down-dip potential of the Mt Freda ore zone to 100m past that of previous diamond drill programs and is still open in all directions. The best results from this drilling are presented in Table 1 below. The intercepts have been composited to reflect a minimum underground mining width of 2m.

Hole Number	Sample Number	From (m)	To (m)	Interval (m)	Au (ppm)	Composited Results
MF09DH001	20023	164.65	165.35	0.70	3.74	2m @ 11.15g/t Au
MF09DH001	20024	165.35	165.88	0.53	12.30	
MF09DH001	20025	165.88	166.65	0.77	17.10	
MF09DH002	20069	221.20	222.00	0.80	0.91	1.6m @ 1.94g/t Au
MF09DH002	20070	222.00	222.80	0.80	2.96	
MF09DH003	20096	168.10	168.63	0.53	4.81	2.25m @ 3.71g/t Au
MF09DH003	20106	199.40	200.15	0.75	0.91	
MF09DH003	20107	200.15	200.90	0.75	9.64	
MF09DH003	20108	200.90	201.65	0.75	0.59	
MF09DH004	No assays above 0.88g/t Au					
MF09DH005	20221	210.12	211.70	1.58	0.49	3.48m @ 3.43g/t Au
MF09DH005	20222	211.70	212.60	0.90	11.8	
MF09DH005	20223	212.60	213.60	1.00	0.55	
MF09DH006	20241	75.77	76.70	0.93	6.89	1.86m @ 7.77g/t Au
MF09DH006	20242	76.70	77.63	0.93	8.65	
MF09DH007	20576	262.05	262.40	0.35	4.45	0.53m @ 6.14g/t Au
MF09DH007	20577	263.02	263.20	0.18	9.42	
MF09DH008	20540	202.00	203.00	1.00	3.54	2.3m @ 4.29g/t Au
MF09DH008	20543	203.00	204.30	1.30	4.86	
MF09DH009	No assays above 1.32g/t Au					

Table 1: Best drilling results from the 2009 diamond drilling program.

Morris Creek (EPM, QMC100%)—RC and Diamond Drilling Program Completed

An initial drilling program has been completed at the Morris Creek prospect following up the targets generated from the Sub-Audio-Magnetics (SAM) survey that was completed during the previous quarter. Eight RC and two diamond drill holes were completed. Samples were submitted to the lab late in the quarter and assay results of this drilling have not yet been reported.

Encouragingly the logging of the drill holes has shown wide intersections of iron oxide breccia zones which is analogous to the host rock immediately to the north at Cudeco's world class Rocklands Copper-Gold Project (Photograph 1, below). Logging has also shown wide zones of brecciated quartz veining, with intersections between 30-40m thick, in both of the diamond drill holes.



Photograph 1: Wide zones of iron oxide breccia intersected over 30 meters in drill hole MC09DD02 at QMC's Morris Creek Prospect.

Flamingo (MLs, QMC100%)—RC and Diamond Drilling Completed

During the quarter 18 reverse circulation drill holes were completed at the Company's 100%-owned Flamingo Copper/Gold Project encountering significant copper mineralisation in most of the holes. This drilling was designed to follow up previous successful drilling completed by MIM in 1994 when considerable intersections of high grade copper were intersected.

Recent geological modelling of the resource suggests that a stacked set of mineralised structures exists which dip gently to the east (approx. -30 degrees). Figure 2 below.

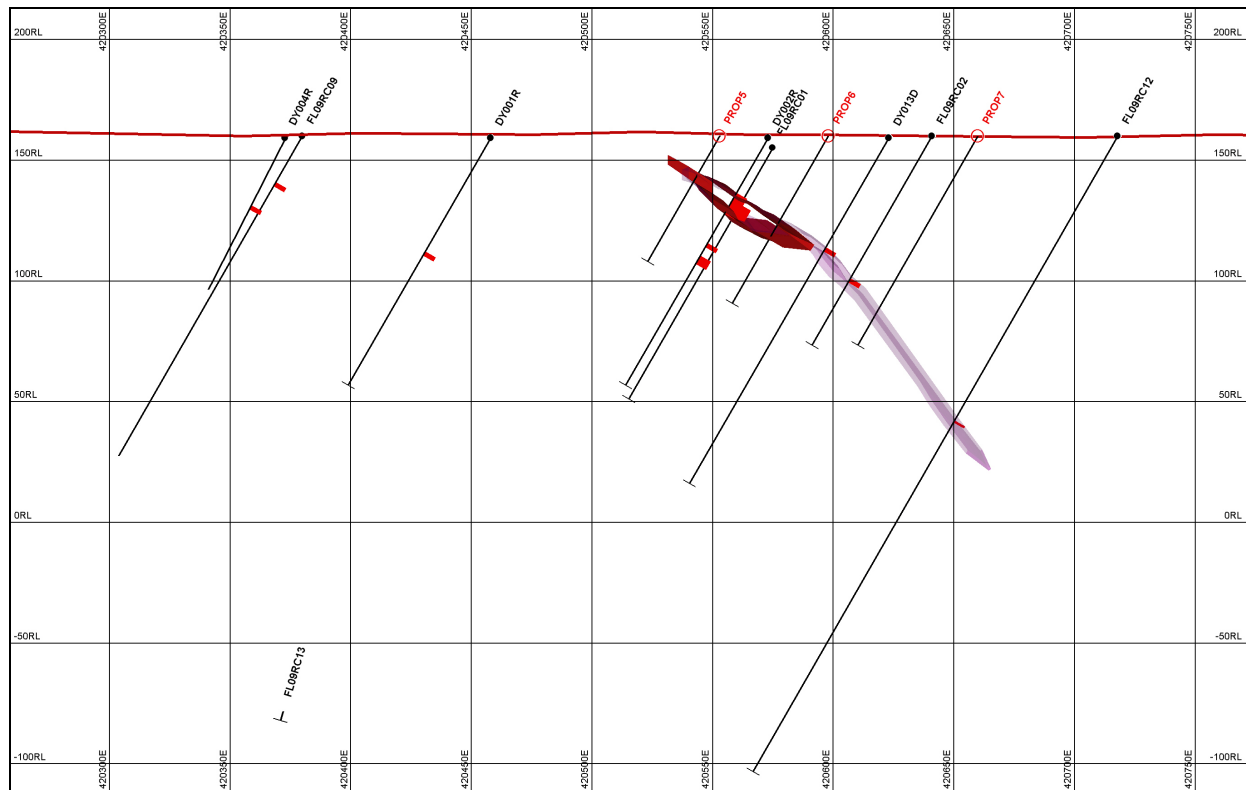


Figure 2 - Cross-Section through Flamingo Project, showing near surface high grade mineralisation.

The management of the Company is very encouraged by the positive drill results delivered by the drilling program at Flamingo. This new drilling and modelling further reinforces the Company's belief that Flamingo has potential to host shallow high grade copper-gold mineralization.

Follow-up drilling has been planned and an initial JORC resource for the Flamingo deposit will be targeted in 2010. Refer to the current announcement on the Flamingo Project, dated the 29th of January 2010,

Corporate Development

During the quarter QMC entered into a formal asset sale agreement for the purchase of the White Range Project and associated assets and tenements from the liquidators of Matrix Metals Limited.

These assets (Figure 3) are south of the Mt Isa-Cloncurry Road (with the exception of the Wee McGregor tenements), and are contiguous with many of the Mining Leases and other areas held by QMC. The White Range Project has a completed Bankable Feasibility Study and contains oxide and transitional ore of 15 million tonnes at an average grade of 1.1% Cu for 165,000 tonnes of contained copper metal. In-situ value at current LME copper price is approximately AUD\$1.27billion.

For further information on this important acquisition please refer to the ASX announcement dated the 23rd of December 2009.

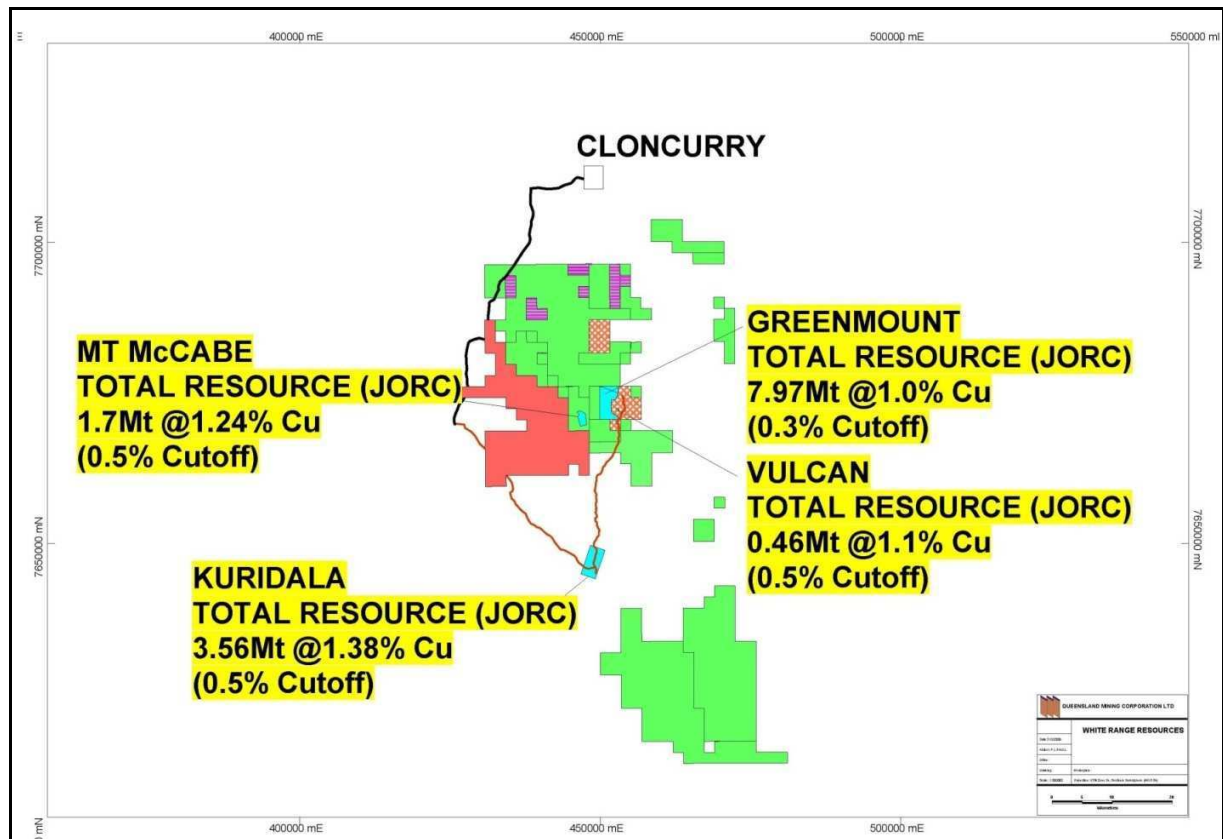


Figure 3 – Matrix Metals Greenmount Project, mining and exploration Tenements.

Yours sincerely,

Howard V. Renshaw

Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based 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 self-employed consultant to Queensland Mining Corporation Limited through Redrock Exploration Services Pty Ltd. Dr Xu has sufficient experience deemed relevant to the style of mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Dr Xu consents to the inclusion in the report of the matters based on his information 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.

Name of entity

Queensland Mining Corporation Limited

ABN

61 109 962 469

Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(1,040)	(1,457)
	(b) development		
	(c) production		
	(d) administration	(268)	(626)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2	2
1.5	Interest and other costs of finance paid	(85)	(280)
1.6	Income taxes paid		
1.7	Other – GST refund	-	61
	- R & D grant received	-	187
Net Operating Cash Flows		(1,391)	(2,113)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects		
	(b)mining assets	(994)	(994)
	(c) other fixed assets	(293)	(550)
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 (provide details if material)		
Net investing cash flows		(1,287)	(1,544)
1.13	Total operating and investing cash flows (carried forward)	(2,678)	(3,657)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,678)	(3,657)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,021	6,795
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings – Convertible notes	-	(2,500)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	1,021	4,295
	Net increase (decrease) in cash held	(1,657)	638
1.20	Cash at beginning of quarter/year to date	2,689	394
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,032	1,032

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	102
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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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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+ See chapter 19 for defined terms.

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		2,500*
3.2 Credit standby arrangements		

* The loan was converted from 5 convertible notes at the beginning of the period

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,300
4.2 Development	
Total	1,300

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	1,032	1,189
5.2 Deposits at call	-	1,500
5.3 Bank overdraft		
5.4 Other –		
Total: cash at end of quarter (item 1.22)	1,032	2,689

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	White Range Project	Enter an purchase agreement with Matrix Metal Ltd (in liquidation) to purchase the White Range Project and associated assets and tenements located around Cloncurry		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	256,632,589	221,652,589		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		21,752,500		
7.5 *Convertible debt securities				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>Unlisted</i>	3,050,000 12,050,000 1,225,000 11,911,112 750,000 750,000 750,000 ----- 30,486,112 =====	Nil Nil Nil Nil Nil Nil Nil	<i>Exercise price</i> 10 cents 10 cents 20 cents 25 cents 57.5 cents 62.5 cents 50 cents	<i>Expiry date</i> 30/11/2012 30/11/2012 30/11/2012 30/11/2010 30/11/2010 29/11/2010 29/11/2010
7.8 Issued during quarter				
7.9 Exercised during quarter	10,352,500			

+ See chapter 19 for defined terms.

7.10	Expired during quarter	23,274,474			
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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: 
Directors

Date: 29 January 2010

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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