

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

HALF-YEARLY REPORT
31 DECEMBER 2011

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DIRECTORS' REPORT

Your directors present this report on Queensland Mining Corporation Limited ("the Company" or "QMC") and its subsidiaries ("the Group") for the six month period ended 31 December 2011 ("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
Mr Brian Rear

Company Secretary

Mr Richard Hill

Corporate & Operational Review

During the last 6 months, QMC has refined its proposed drilling program for 2012 in the light of further detailed analysis of its current resources and has undertaken detailed preliminary work on updating the Matrix 2005 feasibility study. The Company has also been in extensive negotiations with several potential new investors culminating in a successful placement with a new major cornerstone investor, TAM Q Copper Pty Limited in February 2012.

White Range Project

The White Range Project was acquired from Matrix on 16 July 2010 and all terms and conditions were finalised on 16 December 2010. All White Range mining leases and MDL's have now been transferred to White Range Mines Pty Ltd, a wholly owned subsidiary of QMC. The Company is focusing on developing the White Range Project.

Strategic planning has progressed on the updating/upgrading of the 2005 Matrix Metals bankable feasibility study ('BFS'). Discussions have commenced with third parties with a view to retaining consultant firms to provide specialist engineering and processing advice to the Company.

Mineral Resources

As stated in the Company's 2011 annual report, following the Matrix acquisition the Company retained Golder Associates to review all Matrix copper mineral resources and to update the estimates with gold and cobalt credits. Further, James MacIlwraith completed a mineral resource estimate on the Young Australian deposit. QMC now has an updated mineral resource compliant under JORC (2004), totalling 35.4 million tonnes at 0.74% Cu for a total of 262,000 tonnes of contained copper metal at a 0.2% cut-off, 25.4 million pounds of cobalt and 193,000 ounces of gold in the White Range Project area.

Valuation Report

CK Locke & Partners published a research report on 1 July 2011 which included the updated mineral copper resources and concluded a fundamental valuation target price of 28 cents per share. This valuation is supported by recent trade sales in the Cloncurry District which equates to approximately 20 cent per pound of contained copper in resources. The valuation did not value QMC's gold resources.

Exploration

During the past 6 months, the Company completed 6,900 metres of drilling. Dr. Jon Gilligan, together with QMC's current exploration management have developed a conceptual strategy and classified QMC's copper oxide resources into:

Tier 1 > 7.5 Mt @1% Cu
Tier 2 > 2.5 Mt <7.5 Mt @ 1% Cu
Tier 3 > 0.25 Mt <2.5 Mt @1% Cu

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This has enabled a rationalisation and prioritisation of exploration targets. A combined RC and diamond drill program has been prepared with the potential to increase the resources by up to 30% through 75,000 metres of drilling which has been designed to be carried out over the next 2-3 years.

QMC intends to focus exploration activities in the following areas to advance the Company's existing resource base at the Greenmount, Kuridala, Young Australian and Mt McCabe mines for copper and at Mt Freda and Gilded Rose for gold.

The Company proposes to drill the following exploration target locations during the period of 2012-2013: Eagle Rock, Helafels, Chopper Ridge, Just Found, Black Fort group, High Sierra line, Murphy's, Overhang, Trump, Answer, Copper Canyon, Duck Creek Morris Creek and Sally, Jessievale and Flamingo Project (North Cloncurry). This is subject to permitting and financing. Further, the drilling program is subject to revision based on results.

Ross Corben, Principal Consultant with Gemcom has been engaged to assist in resource and mine modelling as well as developing drill targets and drill locations at various mines and exploration programs. Together with the Golder Associates resource revalidation, this is an important part of the Bankable Feasibility Study (BFS) that the Company has commenced with the upgrade to the 2005 Matrix BFS.

Infrastructure and Processing

QMC's extensive tenement portfolio is located in the Cloncurry district of NW Queensland which is well served by established infrastructure and copper processing facilities.

During the past year, there has been significant development of infrastructure in the Cloncurry district which includes a water pipeline from Lake Julius and the installation of a sulphide processing plant owned by CopperChem Limited.

Ivanhoe Australia is constructing a molybdenum rhenium plant at their Osborne processing facilities and a haul road from Osborne to their Mt Dore project. The haul road passes QMC's Stuart deposit.

Ivanhoe announced a scoping study to install a SX/EW plant near their Swan deposit which is within trucking distance of QMC's Stuart deposit.

QMC is monitoring these developments with a view to exploiting any potential opportunities for potential delivery of ores and/or processing in the future.

Mine Development

QMC is evaluating the Vulcan mine that maybe an option to support the possible recommencement of operations at the Mt Norma copper sulphate processing facilities as the Vulcan mine lies 25 km to the south west of Mt Norma.

The Company has also been in discussions with potential commercial partners to develop our copper mining and processing opportunities in the White Range Project area.

Mine planning and pit design for the White Range Project (namely the Greenmount mine) is to be upgraded and finalized when resource models and the 2012 drilling results become available, which is part of the BFS update.

Senior Management & Staff

The Company is focused on converting its developing asset base into production and thereby generating cash flow. To support this initiative key senior management and director appointments have been made including Mr. Brian Rear as a non-executive director with extensive experience in mining and processing within the copper industry.

Corporate Matters

QMC arranged a loan of \$3.0m in July 2011 repayable on 31 October 2012 and raised \$1,551,000 in equity at 5.5 cents a share on 18 November 2011, both from Tulla Resources Group.

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QMC's management carried out numerous presentations over the past 6 months to brokers, institutions, public forums and news media outlets.

QMC hosted two significant site visits by international mining companies. Subsequently, one of these companies, a major investment group, TAM Q Copper Pty Ltd completed an investment of \$4.3m at 5.5 cents a share in late February 2012. Their nominated director, Mr Bob Besley, has subsequently been appointed a non-executive director and he brings extensive mining experience to the QMC Board.

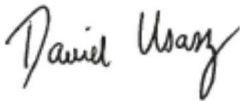
The White Range project area and its successful development will be QMC's prime focus and priority over the coming year.

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 2011.

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

Yours faithfully,



David Usasz
Chairman



Howard Renshaw
Managing director



Chartered Accountants
& Business Advisers

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: the directors of Queensland Mining Corporation Limited and its controlled entities

I declare to the best of my knowledge and belief, in relation to the review of the financial half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.

PKF

Grant Saxon
Partner

15 March 2012
Sydney

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	31.12.2011	31.12.2010
	\$	\$
Other revenue	166,143	3,265
Interest received	45,322	28,189
Accountancy fee	(77,161)	(98,761)
Advisory services	(197,644)	(154,318)
Auditors' remuneration	(42,000)	(33,000)
Corporate development expenses	(37,668)	(31,848)
Exploration expenses	(391,450)	(171,953)
Depreciation expense	(223,924)	(233,305)
Share based payment	(106,828)	-
Employee benefit expense	(711,106)	(335,582)
Management expenses	(303,670)	(126,667)
Corporate finance development	(135,500)	(35,000)
Finance cost	(201,163)	(51,397)
Rental expenses	(155,412)	(121,985)
Professional fees	(69,174)	(502,748)
Investors' relation expenses	(132,447)	(241,974)
Insurance expense	(45,201)	(38,418)
Other expenses	(263,273)	(356,780)
	<hr/>	<hr/>
Loss before income tax expense	(2,882,156)	(2,502,282)
Income tax expense	-	-
	<hr/>	<hr/>
Loss for the period after income tax	(2,882,156)	(2,502,282)
Other comprehensive income		
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the period after tax	<u>(2,882,156)</u>	<u>(2,502,282)</u>
Basic and Diluted EPS (cents)	(0.70)	(0.62)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011**

		31.12.2011	30.06.2011
		\$	\$
ASSETS	Note		
CURRENT ASSETS			
Cash and cash equivalents		1,034,876	996,320
Trade and other receivables		1,068,949	1,022,991
Inventory		75,000	75,000
TOTAL CURRENT ASSETS		<u>2,178,825</u>	<u>2,094,311</u>
NON CURRENT ASSETS			
Mining licences	7	16,966,063	16,966,063
Exploration and evaluation expenditure	8	14,749,965	12,738,126
Property, plant and equipment		4,466,144	4,662,500
TOTAL NON – CURRENT ASSETS		<u>36,182,172</u>	<u>34,366,689</u>
TOTAL ASSETS		<u>38,360,997</u>	<u>36,461,000</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		799,701	472,962
Financial liabilities	9	2,710,242	-
TOTAL CURRENT LIABILITIES		<u>3,509,943</u>	<u>472,962</u>
TOTAL LIABILITIES		<u>3,509,943</u>	<u>472,962</u>
NET ASSETS		<u>34,851,054</u>	<u>35,988,038</u>
EQUITY			
Issued capital	10	57,740,077	56,294,905
Share option reserve		2,995,191	2,695,191
Accumulated losses		(25,884,214)	(23,002,058)
TOTAL EQUITY		<u>34,851,054</u>	<u>35,988,038</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Issued Capital \$	Share Option Reserve \$	Accumulated Losses \$	Total
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
Balance at 01.07.2011	56,294,905	2,695,191	(23,002,058)	35,988,038
Transactions with owners in their capacity as owners				
Share capital issued	1,551,000	-	-	1,551,000
Share issue cost	(105,828)	-	-	(105,828)
Share based payment - in relation to finance liabilities (Note 9)	-	300,000	-	300,000
	57,740,077	2,995,191	(23,002,058)	37,733,210
Comprehensive income for the period	-	-	(2,882,156)	(2,882,156)
Balance at 31.12.2011	57,740,077	2,995,191	(25,884,214)	34,851,054

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

Queensland Mining Corporation Ltd A.B.N 61 109 962 469 and Subsidiaries

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	31.12.2011	31.12.2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,038,300)	(2,145,475)
Interest received		45,322	28,189
Interest paid		(72,133)	(51,397)
Net cash used in operating activities		<u>(2,065,111)</u>	<u>(2,168,683)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(27,568)	(3,363)
Payment for mining licences		-	(2,000,000)
Payment for exploration and evaluation expenditure		(2,011,839)	(1,626,395)
Net cash used in investing activities		<u>(2,039,407)</u>	<u>(3,629,758)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		1,545,173	5,256,886
Deposit paid to third party		-	(500,000)
Proceeds from borrowings		2,850,000	-
Repayments of borrowings		-	(1,000,000)
Net cash provided by financing activities		<u>4,395,173</u>	<u>3,756,886</u>
Net increase/(decrease) in cash held		290,655	(2,041,555)
Cash at beginning of period		744,221	4,449,865
Cash at end of period		<u><u>1,034,876</u></u>	<u><u>2,408,310</u></u>

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 2011

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 cannot be expected 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 2011 and considered together with any public announcements made by Queensland Mining Corporation Ltd during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

Critical Accounting Estimates and Judgements

The critical estimate and judgements are consistent with those applied and disclosed in the June 2011 annual report, except in relation to the following matter:

Impairment – carbon price

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculation used for asset impairment testing purposes. The consolidated entity has not incorporated the effect of any carbon price implementation in its impairment testing at 31 December 2011.

NOTE 2: GOING CONCERN

The Group made an operating loss of \$ 2,884,156 (2010: \$2,502,282) and its net cash outflow from operations was \$ 2,065,111 (2010: \$2,168,683) for the half-year ended 31 December 2010. The current liabilities also exceed the current assets by \$1,331,118.

Notwithstanding this the Directors believe the going concern basis of preparation for the half-year financial statements is appropriate based on the following:

a) the Group has recently completed a placement of \$4.3 million to Tam Q Copper Pty Ltd (TAM); and

b) the Directors will raise additional equity or debt should the need arise in the next 12 months. This is on the basis the Directors have raised capital successfully in the past and the Group has received a letter of undertaking from its financial adviser that they will assist the Group to raise future capital.

The Directors believe these strategies will ensure the Group is able to pay its debt as and when they fall due in the ordinary course of business.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011
(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 significant changes to the contingent liabilities and commitments from the 2011 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 6: DIVIDEND

No dividend has been declared or is payable.

NOTE 7: MINING LICENCES

	31.12.2011	30.06.2011
	\$	\$
Opening balance	16,966,063	12,339,900
Acquired during the period / year	-	4,626,163
	<u>16,966,063</u>	<u>16,966,063</u>

NOTE 8 : EXPLORATION AND EVALUATION EXPENDITURE

Opening balance	12,738,126	9,672,151
Capitalised during the period / year	2,011,839	3,065,975
	<u>14,749,965</u>	<u>12,738,126</u>

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	3,000,000	-
Less: Establishment fees to be amortised over the term of the loan	(96,586)	-
Less: Share based payment to be amortised over the term of the loan *	(193,172)	-
	<u>2,710,242</u>	<u>-</u>

The loan is unsecured, interest is charged on this loan at 10% p.a. and is repayable in October 2012.

* Under the loan facility, the Company agreed to issue 6,000,000 options with an exercise price of \$0.10 over 3 years period.

Queensland Mining Corporation Ltd A.B.N 61 109 962 469 and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 10: ISSUED CAPITAL

	31.12.2011	30.06.2011
	\$	\$
- 430,797,477 fully paid ordinary shares) (30.6.2011 : 402,597,477)	57,740,078	56,294,905
Ordinary shares		
At the beginning of reporting period/year	56,294,905	47,712,444
Shares issued during the period/year	1,551,000	8,911,417
	58,845,905	56,623,861
Less: Costs of capital raising	(105,828)	(328,956)
At the end of the reporting period/year	57,740,077	56,294,905
	No.	No.
At the beginning of reporting period/year	402,597,477	316,632,589
Shares issued during the period/year	28,200,000	85,964,888
At the end of the reporting period/year	430,797,477	402,597,477

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

On 29 February 2012 the Company announced an issuance of 78,200,000 ordinary shares at 5.5 cents per share to Tam Q Copper Pty Ltd (TAM). The placement includes one unlisted option for every 2.5 placement shares with an exercise price of \$0.08 per option.

Other than those disclosed above, the Directors are not aware of any other matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of its affair.

Queensland Mining Corporation Ltd A.B.N 61 109 962 469 and Subsidiaries

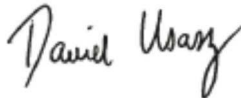
DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Daniel Usary". The signature is written in a cursive, slightly slanted style.

Chairman

Dated this 15th day of March 2012



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 consolidated half-year financial report of Queensland Mining Corporation Limited which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 2011 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 a 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 2011 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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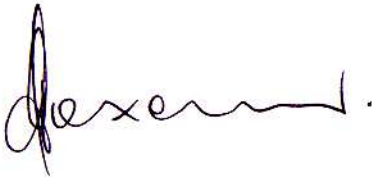
Conclusion

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 the consolidated entity 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 2011 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



Grant Saxon
Partner

15 March 2012
Sydney