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ASX Market Announcement

22 August 2017

Mt McCabe Mineral Resource restatement under JORC Code (2012)

Queensland Mining Corporation Limited (**ASX: QMN**) is pleased to announce a review and restatement of the Mt McCabe Mineral Resource under the JORC Code (2012) which was previously prepared under the JORC Code (2004).

This has entailed a review of the previous work and compliance to the JORC Code (2012) along with the compilation of the additional information not supplied in the last announcement in 2010, completed under the JORC Code (2004) (see ASX:QMN announcement dated 29 Sep 2010)

This review of the Mineral Resource compliance under the current reporting code will enable the current scoping study for the White Range project to proceed. Review of other Mineral Resources reported under JORC Code (2004) is now in progress and will be announced as completed.

The Mineral Resource remains unchanged for potential heap leach processing at a 0.2% Cu cut-off and comprises:

Measured Mineral Resource	***2.72 Mt @ 0.65% Cu, 310 ppm Co***
Indicated Mineral Resource	***1.98 Mt @ 0.57% Cu, 260 ppm Co***
Inferred Mineral Resource	***3.01 Mt @ 0.49% Cu, 100 ppm Co***
Total Mineral Resource	***7.71 Mt @ 0.57% Cu, 220 ppm Co***

Cobalt assays are not complete and cobalt should only be considered as indicative. In addition current copper heap leach processing options being considered do not recover cobalt.

For comparison purposes the Mineral Resource is also reported at the higher 0.5% Cu cut-off more suitable for other processing methods, as:

Measured Mineral Resource	***0.99 Mt @ 1.21% Cu, 400 ppm Co***
Indicated Mineral Resource	***0.65 Mt @ 1.10% Cu, 320 ppm Co***
Inferred Mineral Resource	***0.99 Mt @ 0.85% Cu, 110 ppm Co***
Total Mineral Resource	***2.63 Mt @ 1.05% Cu, 270 ppm Co***

Recent analysis by QMC suggests the lower recovery and steeper terrain at Mt McCabe will likely require a higher cut-off for heap leach processing. Hence the Mineral Resource is also reported at the 0.3% Cu cut-off and comprises:

Measured Mineral Resource	***1.88 Mt @ 0.82% Cu, 350 ppm Co***
Indicated Mineral Resource	***1.31 Mt @ 0.74% Cu, 290 ppm Co***
Inferred Mineral Resource	***2.04 Mt @ 0.61% Cu, 100 ppm Co***
Total Mineral Resource	***5.23 Mt @ 0.72% Cu, 240 ppm Co***

Introduction

The Mineral Resource was originally estimated by Matrix Metals Limited (Matrix) in 2005 and 2006 as part of the White Range Feasibility study being undertaken by Matrix using Ordinary Kriging. Matrix went into liquidation in 2008 and the Mt McCabe project was acquired by QMC in July 2010.

In 2010 QMC engaged Golder Associates (Golder) to update the Mineral Resource model for an extended model area, updated geological interpretation and additional elements including cobalt.

Estimation by Golder used median Indicator Kriging (IK) with a change of volume support to represent the expected mining selectivity. The change of support was supported by variogram analysis and more detailed conditional simulation studies at Greenmount and Kuridala. Matrix geologists undertook the geological interpretations and Golder assessed the geological zones and incorporated them into the geological control during grade estimation to reflect the geological understanding provided by Matrix. The Mineral Resource estimated by Golder was for a 3 by 5 by 2.5 m (X, Y, Z dimensions) mining selectivity.

There has been no additional drilling at Mt McCabe since 2010 that would affect the Mineral Resource hence the 2010 update are still current.

Location

The Mt McCabe Mineral Resource lies 40 km south of Cloncurry, Qld (Figure 1) and lies within the mining lease ML90082. ML90082 is 100% held by QMC and covers an area of 272.5 hectares.

Mt McCabe is close to the Greenmount deposit (6 km NE), the flagship deposit of the White Range project held by QMC. Hence Mt McCabe is considered a satellite deposit for the White Range project.

The deposit lies on the eastern side of a steep hill that rises 125 metres above the plain to the east.

Heritage

The Mt McCabe deposit was discovered in 1906 and mined in 1907 with uncertain production.

Open pit mining in the 1980's produced 10 kt ore grading 4.5% Cu.

Geology

The Mt McCabe copper-cobalt deposit is located near the south western flank of the Marimo Basin, a poorly understood tectonic feature within the Eastern Succession (Eastern Fold belt) of the Proterozoic Mount Isa Inlier. Mt McCabe lies within the Quamby-Malbon Zone of the Eastern Succession.

Detailed mapping was undertaken jointly by Majestic and Laing Exploration Pty Ltd (Figure 2). Laing has compiled a geological model from this mapping and postulates a breccia pipe at the intersection of two principal fault sets locally known as the Manomm Fault Set (NNW strike) and the White Range Fault Set (ENE strike).

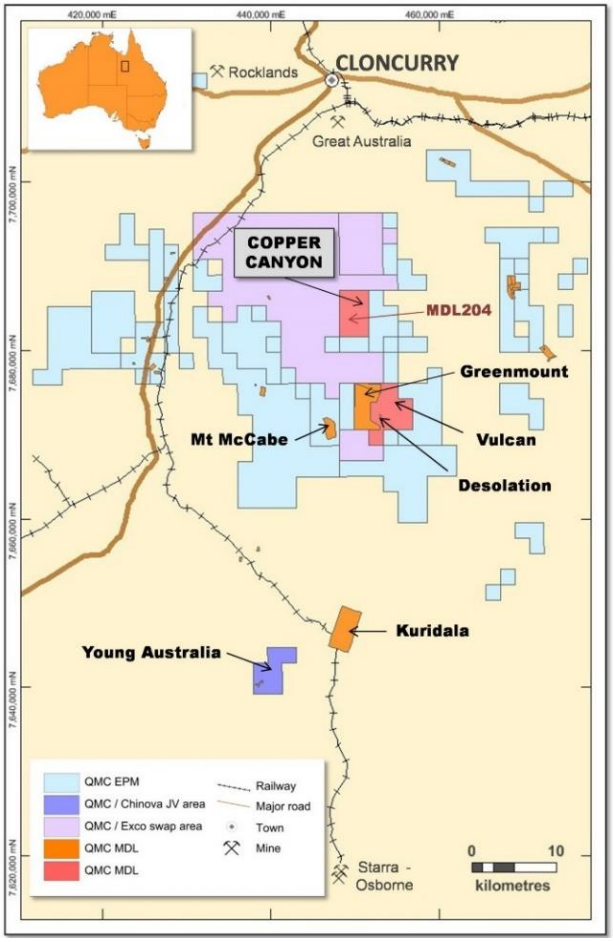

Figure 1: Project location

The Manomm Fault is related to the Happy Valley Fault which represents a manifestation of the Mount Dore Fault Zone, a major north-south crustal structure at least 130 kilometres long. A number of major copper-gold deposits in the Mount Isa Eastern Fold Belt are associated with this Mount Dore Fault Zone.

The controlling faults are steep to vertical and the breccia pipe is similarly oriented. The pipe lies on a major contact between Staveley Formation on its south and west and Marimo Slate on its north and east. Most of the pipe lies within the Marimo Slate.

The resource comprises predictable breccia pipe and tabular fault lodes and occasional unpredictable piercement breccia lobes. The mineralisation associated with the breccia pipe is open at depth while the tabular fault lodes are open at depth and along strike to the north and east.

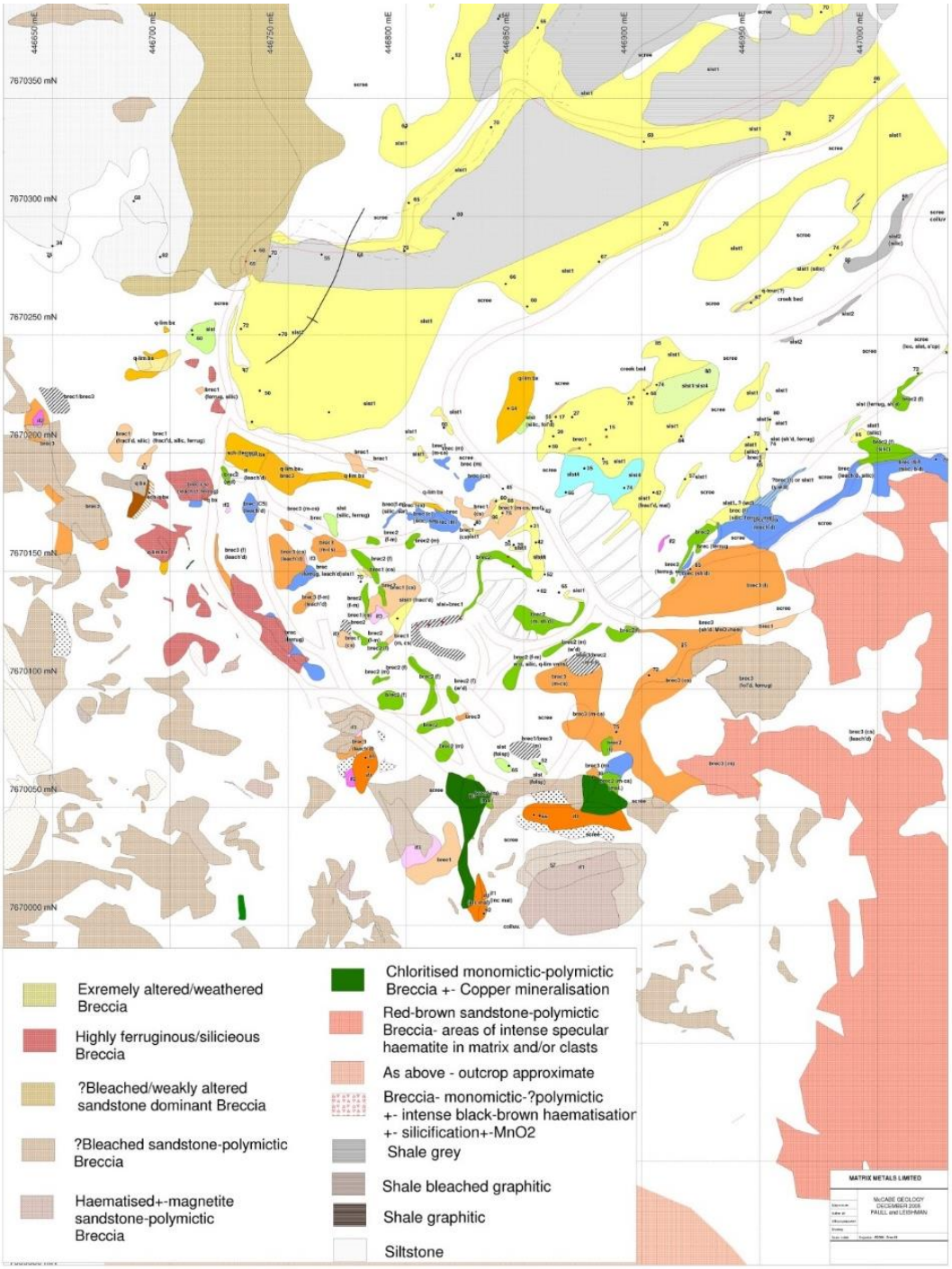

Figure 2: Mt McCabe local geology map

Drilling and sampling

Exploration commenced with CEC (now Glencore) in 1963 and VAM NL in 1970 with limited drilling. Four VAM drill holes are not in the database with the original logs difficult to read. Percussion drilling commenced in 1975 with Amdex Mining Ltd and Cyprus from 1991. Majestic Resources completed a more extensive drilling program culminating in a feasibility study and resource estimate.

As part of the White Range project Matrix expanded the percussion and diamond drilling in 2005.

The Mt McCabe exploration database includes 231 drill holes for 23,470 m. Table 1 subsets the drilling relevant to the Mineral Resource area with 137 drill holes for 16,152 m of predominantly RC drilling with some diamond informing deeper areas.

Table 1: Mt McCabe Mineral Resource drilling summary

Company	Year	Hole Type	Holes	Metres
CEC	1963	DD	2	420
Amdex	1975	RAB	7	420
Cyprus	1992	RC	15	1543
Majestic	~1995	DD	1	491
		RC/DD	4	1635
		RC	61	4345
Matrix	2005	DD	4	209
		RC/DD	5	1456
		RC	40	6053
Total			**137**	**16152**

For the Mineral Resource the majority of the drilling was by percussion methods and includes:

- Open Hole percussion 0.3% by Metana in 1989
- Diamond 16% by Metana in 1989
- Conventional (cross-over sub) RC 58% by Metana in 1989
- Face Sampling RC 26% by Majestic in 1996

Matrix completed some unassayed diamond drilling for geotechnical purposes.

Golder reviewed the 22 twin drill holes between the two main percussion programs and concludes that only the earliest drilling had an apparent under call in copper grade. They determined this was likely to impact the total Mineral Resource by 1% to 2%.

Initial Metana assaying was by a digest of aqua regia and hydrofluoric acid, followed by an AAS finish. QAQC was reported in the earlier feasibility studies though much of the data is no longer available for analysis. There were indications a small subset of the assays may have suffered from incomplete digestion and it is unclear if this was rectified or persists in the current database.

Later Majestic assaying used a larger 20 g charge, two acid Aqua Regia digest, 2 hr digestion at 150°C to 180°C and an AAS finish. A subset of 298 samples used a more robust three acid digest and reported 3.5% higher copper grade.

Matrix reassayed a number of drill holes using sequential copper analyses. These proved useful to identify the copper minerals and modelling of the oxide, transition and fresh weather types.

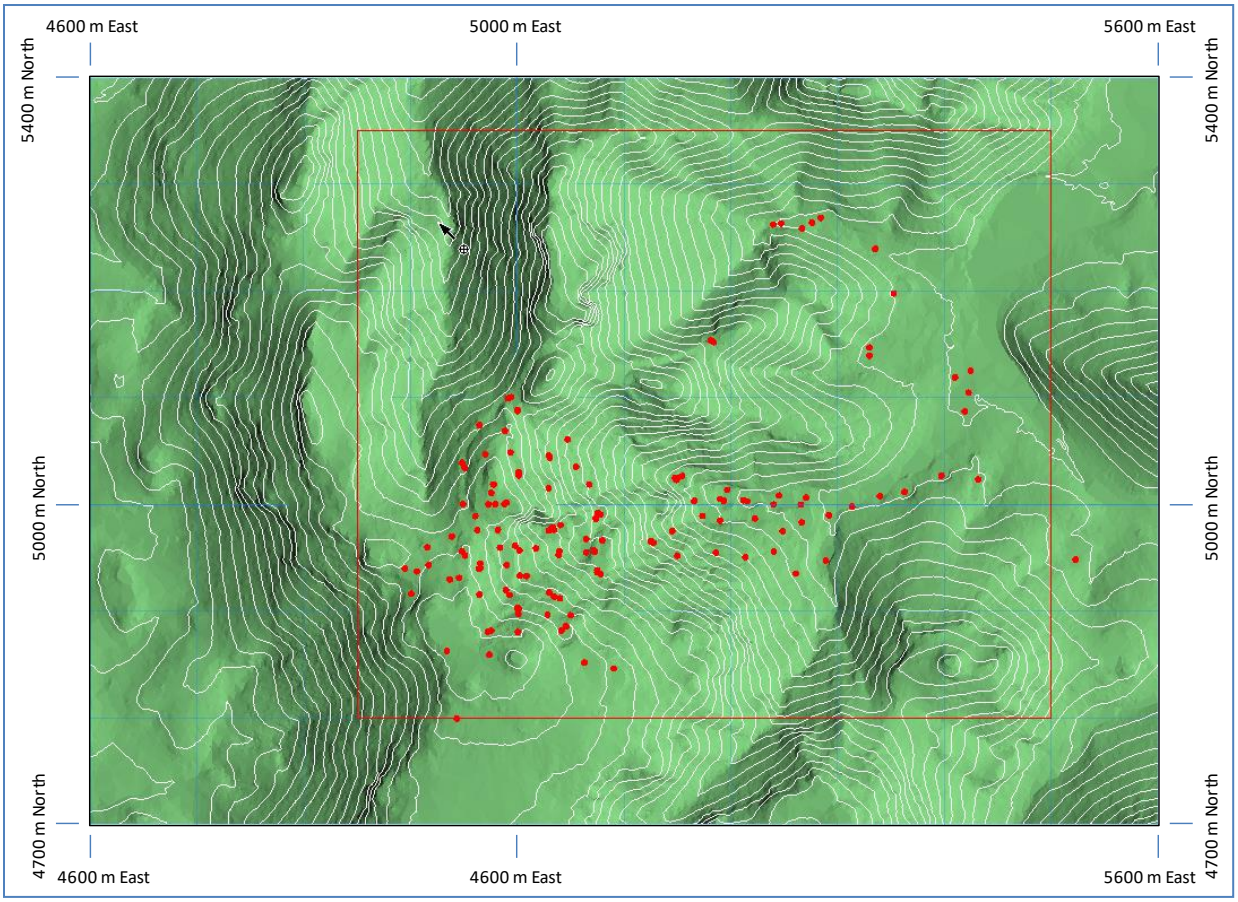

Figure 3: Mt McCabe drilling plan and 5 m topography contours

Estimation

A block model was constructed with 10 m by 10 m by 5 m parent blocks, sub-blocked down to 5 m by 5 m by 2.5 m. Mineralisation domains were defined using a 0.1% Cu cut-off and are displayed in Figure 4.

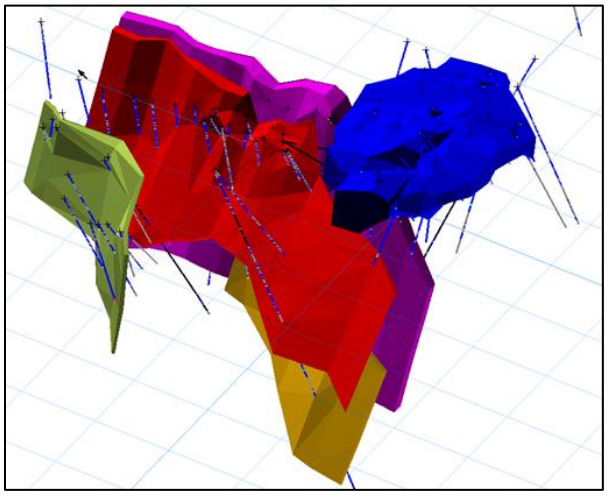

Figure 4: Oblique view looking southeast showing the five copper domains and drilling

Block grade estimates for copper were undertaken using median indicator kriging, a probabilistic estimation method with a change of volume support to reflect the assumed mining selectivity of 5 by 3 by 2.5 m, using 1 m composites. A three pass search pass was used to assist data declustering with a maximum of 4 composites per drill holes and 32 composites in total. Example sections of the block average estimates are provided in Figure 5 and Figure 6.

Due to a lack of data Au was not estimated and Co was estimated as a carried element with the copper indicator kriging estimate. 87% of Cu grades have a Co assay to provide a reasonable estimate of cobalt.

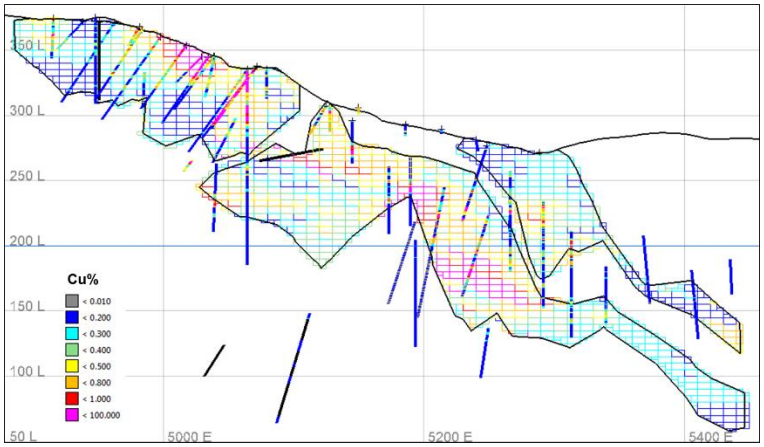

Figure 5: Long section 4960 N displaying drill hole and block average copper grade

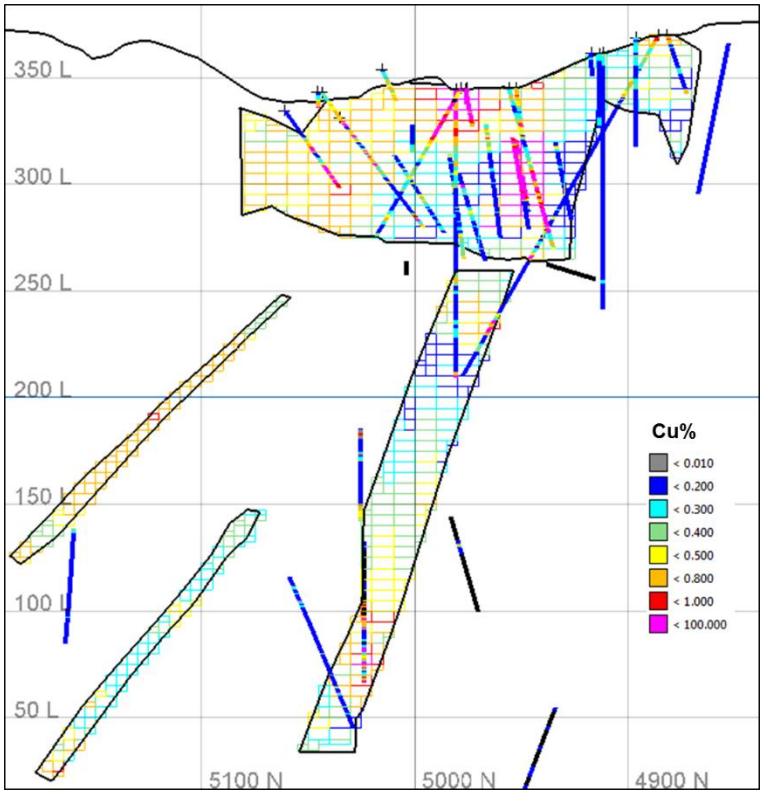

Figure 6: Cross section 5040 E displaying drill hole and block average copper grade

Classification

Classification was assigned to the model on the basis of the estimation outputs that help to measure sample spacing and arrangement.

- Measured 4 drill holes with samples <30 m distant
- Indicated 3 drill holes with samples <60 m distant
- Inferred otherwise and inside a mineralisation domain

Measured and Indicated were only assigned to the two main mineralisation domains.

Depth extensions below 150 mRL were not classified or reported.

Mining

Open pit mining using bench traditional excavation techniques will incur higher cost due to the steep terrain and the interaction of slope and strip ratio.

Metallurgy

Mt McCabe deposit column test work was done by JKMRC in 1997 and HRL in 1998. The HRL work includes 3 tests at different copper grades and all reported >95% soluble copper for intensive conditions. Acid consumption was high and up to 0.264 kg/t/day. Economic leaching conditions will result in much lower recovery and further work and understanding is required.

Cut-off grade

A 0.5% Cu cut-off is adopted for Mineral Resource reporting as a reasonable target for material likely to drive a copper heap leach development. This is consistent with previous reporting.

A 0.3% Cu is also reported as current studies by QMC suggest the lower cut-off will reflect marginal economic production for copper heap processing from Mt McCabe.

Cobalt is not currently recoverable by heap leach.

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Competent Person's Statement:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Guojian Xu, a Member of Australasian Institute of Mining and Metallurgy. Dr 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 mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. 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.

This Mineral Resource estimate was reviewed and the statement compiled by Mr John Horton, Principal Geologist, who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a full time employee of ResEval Pty Ltd. Mr Horton has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Horton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix A JORC Table 1 assessment for Mt McCabe

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	Amdex (MCP1 to MCP7) has no description. Cyprus holes (MR1 to 15) were sampled using face sampling, reverse circulation drilling techniques. Samples were taken over a 2 m intervals with other details not documented. Majestic RC holes were sampled at 1 m intervals. Drill cuttings collected via a cyclone then riffle split 75:25 to <3 kg. The cyclone, container and splitter were cleaned after each sample was taken. No wet samples were encountered by Majestic whilst drilling the reverse circulation holes. Majestic diamond core samples were marked out during logging. Sample intervals were selected by lithology, structure and mineralisation and range from 0.45 m to 3 m with most intervals around 1m. Majestic diamond holes twinned RC holes and were drilled principally to obtain metallurgical and verification sampling. Initially, a fillet of core was cut by diamond saw. This fillet was around 1.5cm in thickness. Half core was later cut from holes MDH1 and MDH3. Matrix RC mostly used a 5.25 inch bit UDR 650 rig by Ryan Drilling, a 4⅞ inch Schramm rig by DrillTorque and a 5.75 inch RCD250 rig by Gomex. 1 m samples were selectively submitted for analysis. Sampling was initially by a cone splitter and subsequently by riffle splitter. Matrix diamond drilling was HQ and half core split on 1 to 2 m intervals.
Drilling techniques	The Mineral Resource informed assays from • CEC 1960s diamond 2.5% • Amdex 1975 RAB 2.5% • Cyprus 1992 RC 10% • Majestic 1995 RC with diamond 13% • Majestic 1995 RC 27% • Matrix 2005 RC with diamond (10%) • Matrix 2005 RC 37%
Drill sample recovery	None of the previous reports discuss percussion recovery however early drilling indicate no wet samples that might impede sample recovery.
Logging	Previous drill logging processes are not documented however available logs include geology, alteration and minerals.
Sub-sampling techniques and sample preparation	Majestic samples were prepared and assayed at Analabs, Townsville. Preparation was by method GP032 where samples were oven dried and then pulverised to a product nominally passing 75 microns. Matrix sample preparation and assay was by SGS in Townville though not described the process would expect to follow a typical commercial laboratory preparation method.
Quality of assay data and laboratory tests	Majestic in 1999 noted quality control including • Four diamond RC twins

Criteria	Commentary
	• Diamond fillet samples were checked with half core for 2 of the holes with good correlation for Cu and Co. • Six RC holes were re-assayed with very high correlation coefficients. • Selective RC samples were re-assayed by a several different methods. • Re-assaying of selective diamond samples by two different methods. Majestic assaying was generally by Analabs GA140 2 acid digest AAS method using 0.3 g for Cu and Co. Majestic assay checks using a range of methods indicate an understatement of Co. Matrix adopted quality sampling checks that included insertion of blanks or standards at a rate of 1 in 10 initially and later 1 in 14 samples with 297 blanks and 325 standards used. The results are considered acceptable. Matrix duplicates were taken by resplitting the RC samples at a later stage. These display acceptable variance for both riffle and spear resplits. A total of 2039 sample intervals were assayed using a sequential copper analyses following sulfuric acid (SS) and cyanide soluble (CN) leaches by SGS in Townsville. The samples were drawn from Matrix and Majestic pulps where >0.3% Cu.
Verification of sampling and assaying	Majestic completed 4 diamond holes that twinned RC. This produced moderate correlation coefficients of 40 to 60% a result hat is not unexpected for the breccia pipe deposit.
Location of data points	Majestic completed an EDM survey of the Cyprus grid and establish 41 permanent survey markers using an independent local registered surveyor. Majestic resurveyed most previous drilling. Down hole survey information is generally uncertain but the holes drilled by Matrix in 2005 were surveyed using a digital camera every 10 m. Matrix holes were located using hand held GPS and surveyed on completion with DGPS with reference to the EDM survey stations previously established. Coordinates were generated in both AMG66 and local grid. Matrix RC drilling was single shot surveyed on completion.
Data spacing and distribution	The east-west structural domain dip steeply to the north and are generally drilled on 20 m spaced sections with southerly dipping holes, provided a good intersection angle. The western breccia zone is drilling various directions including a number of vertical holes. Drilling is on approximately 25 m centres.
Orientation of data in relation to geological structure	Drilling of the structural domains is as perpendicular as is possible Drilling orientation of the breccia zone is variable but the style of mineralisation should not be sensitive to the drilling orientation.
Sample security	There are no references to sample security and the drilling was undertaken at a time when security was generally not considered.
Audits or reviews	Mt McCabe was principally drilled by Majestic in the 1990s and then extended by Matrix in 2005. Independent resource estimates were undertaken by independent consultants including: • Amdad in 1999

Criteria	Commentary
	• Hellman & Schofield in 2004 • Golder Associates in 2010

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	The Mt McCabe deposit sits well inside the granted mining lease ML90082 which cover 272.5 Ha.
Exploration done by other parties	All drilling was done by previous parties as indicated in the drilling description.
Geology	Mt McCabe is related to the extension of the Mount Dore fault that hosts a number of copper-gold deposits. The main deposit is breccia mineralisation with the controlling faults that are steep to vertical and the breccia pipe is similarly oriented. The pipe lies on a major contact between Corella Formation on its south and west, and Marimo Slate on its east. Most of the pipe lies within the Marimo Slate.
Drill hole Information	Exploration results are not presented
Data aggregation methods	Exploration results are not presented
Relationship between mineralisation widths and intercept lengths	Exploration results are not presented
Diagrams	A plan, overview and example cross section is included in the announcement
Balanced reporting	Exploration results are not presented
Other substantive exploration data	Majestic undertook field mapping and surface survey. This was used to help define the resource. At this stage this exploration data is largely supplanted by the drilling used in the resource estimate. Other information available, include metallurgical drilling and sampling, geotechnical investigations, previous feasibility studies, water studies and mining studies.
Further work	Mt McCabe has been included in several previous feasibility studies. QMC are currently updating the White Range project with a scoping study.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	There is no indication of a database audit has been completed previously. Matrix compiled the data and updates in Datashed software database.
Site visits	Guojian Xu has visited the Mt McCabe deposit several times in the past 6 years.
Geological interpretation	A nominal lower threshold of 0.1% Cu was used to define the copper domains by section interpretation and wireframing.

Criteria	Commentary
	Five Cu domains were identified. Four domains in the east dip 50 to 70° toward the north and are assumed to be sub-parallel with bedding. The fifth is near surface is a brecciated zone separated from the other four domains by a fault. The domains display structural continuity.
Dimensions	Mt McCabe has two steeply dipping structural zones with and east-west strike length of 500 m, depth of 230 m and width of around 15 m as well as two smaller subordinate structures. At one end a breccia zone near surface measures 250 by 250 m with a depth of up to 100 m.
Estimation and modelling techniques	Estimations for total copper were by median indicator kriging and used a block adjustment to derive a recoverable resource estimate. A 3 pass search ellipsoid was used with: • 50 by 50 by 15 m • 100 by 100 by 30 m • 200 by 200 by 60 m The wider searches were used to ensure minor elements such Co were adequately informed. A maximum of 4 composites per drill holes and 32 composites in total. Au was not estimated due to data paucity. Additional value potential from cobalt was estimated as a carried element with the copper indicator kriging estimate. 87% of Cu grades have a Co assays. Resources have been estimated assuming a tight grade control drilling definition that can support the small 5 by 3 by 2.5 m selective mining unit assumed for the estimate. It is believed that additional control for higher-grade areas may be able to be provided on a visual basis. This will minimise grade control and mining mistakes for the higher value portions of the resource. However, the likely marginal cut-off grade is expected to be around 0.3% Cu. At these grades, grade control definition will be necessary to define the assumed selectivity. Ordinary Kriged (OK) estimates were undertaken for Cu for validation purposes and for cobalt and bulk density. The MIK and SMU model was validated • visually • comparison to OK estimates • reviewing estimation quality parameters • using MIK – composite distribution comparison before SMU adjustment.
Moisture	Bulk density estimates and tonnages are on a dry basis.
Cut-off parameters	0.5% Cu cut-off has been used reporting and in consistent with previous reports and reflects the target that will drive a possible development. 0.3% Cu is also reported and reflects low grade marginal material currently considered by QMC.
Mining factors or assumptions	The selectivity for the smallest mining unit of 5 by 3 by 2.5 m has been assumed based on recommendations from Matrix in 2004. These same approach is assumed

Criteria	Commentary
	for current work. These are supported by the assumed grade control methods for the previous Matrix feasibility study.
Metallurgical factors or assumptions	Leach test work includes: • Cyprus – one test by Metcom with 47% to 81% recovery • Majestic - three test by JKTech with recovery typically 60% to 70% Relatively high acid consumptions is potentially related to chlorite, clays or carbonates. Occurrence of chlorite, kaolinite and goethite with the Cu mineralisation
Environmental factors or assumptions	There are no known environmental issues
Bulk density	Majestic completed for • 1040 pycnometer measurements on RC chips by Anlalabs method OM605 • 183 core samples using water displacement The results were assessed by Majestic and summarised by geology logged. Core measurements were used to factor the pycnometer readings for each unit (between 72% and 85%) and then values are assigned to all other sample intervals. Bulk density average is 2.55 t/m^3 and geology averages range from 2.25 to 2.71 t/m^3.
Classification	Classification was assigned to the model on the basis of the estimation outputs that help to measure sample spacing and arrangement. • Measured 4 drill holes with samples <30 m distant • Indicated 3 drill holes with samples <60 m distant • Inferred otherwise and inside a mineralisation domain Measured and Indicated were only assigned to the two main mineralisation domains. Depth extensions below 150 mRL were not classified nor reported.
Audits or reviews	Golder undertook an internal review of the resource estimate and the methods used.
Discussion of relative accuracy/ confidence	The Mineral Resource is calculated using probabilistic method to create a recoverable resource estimate and includes mining selectivity and grade control assumptions as described. Cobalt is not completed assayed and hence has lower confidence.