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ASX Market Announcement

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Drilling Commenced at QMC's Young Australian Project in Cloncurry

Queensland Mining Corporation Limited (**ASX: QMN**) is pleased to announce that RC (reverse circulation) drilling has commenced on its Young Australian copper project located approximately 70km south of Cloncurry (Figure 1). The program will consist of 37 holes for about 2,400m in total depth. Most of the holes are designed to infill and expand the existing resources in Young Australian with 6 others to test new targets defined recently through geological mapping and geochemical sampling programs (Figure 2).

The Young Australian project consists of four mining leases (ML7511, ML7512, ML90084 and ML90099; 100% QMC interest) and surrounding six sub-blocks within EPM 18912, which is held by Chinova Resources and from which QMC has the exclusive rights to explore for mineralization over a period of eight years until June 2020. In addition, QMC has an option to require Chinova Resources to apply for a mining lease over all or any part of these six sub-blocks for QMC within the timeframe of the agreement.

The prospect also forms part of the Company's White Range project and had been explored by QMC from 2008 to 2015. A JORC resource update undertaken in July 2016 reported a total resource of 5.1Mt@ 0.79% Cu, including 2.2 Mt @ 0.93% Cu in the indicated category and 2.9Mt @ 0.68% Cu in the inferred category using 0.25% Cu cut-off grade, for the Young Australian deposit. It is worth noting that this resource remains open along strike.

The above information relating to the mineral resources of Young Australian was first released to ASX on 26 July 2016. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The recent geological mapping and hand-held XRF soil sampling programs identified a significant breccia zone in the central north of the prospect, approximately 2,000m northeast of the existing Young Australian resource. This new breccia zone trends near E-W and corresponds to the shoulder of the Young Australian anticline. The strike length of the breccia zone is about 300m and the width is up to 30m. Limited hand held XRF results show a maximum value of 0.36% Pb for the breccia zone. Sporadic copper grass was also noted in some parts of the breccia zone. Historic geochemical surveys have overlooked this breccia zone as survey lines ran sub-parallel to its strike in an east to west orientation. Three RC holes have been planned to test this new target in the current drilling program.

In addition, QMC's exploration program in 2015 discovered a new mineralized zone (Tank Hill Zone) up to 1,000m long located about 300m east of the main Young Australian mineralized zone. The best hole drilled on this new zone yielded 26m@ 1.56% Cu from 59m. Subsequent geological mapping and XRF geochemical sampling have identified more breccia outcrops and anomalous copper values. Three holes in the current program were designed to test the possible extension of the important intersections reported from the 2015 RC drilling, particularly in the northern part of the Tank Hill mineralized zone.

The Company is very excited about the commencement of drilling at Young Australian and looks forward to reporting the assay results to shareholders in due course.

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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.

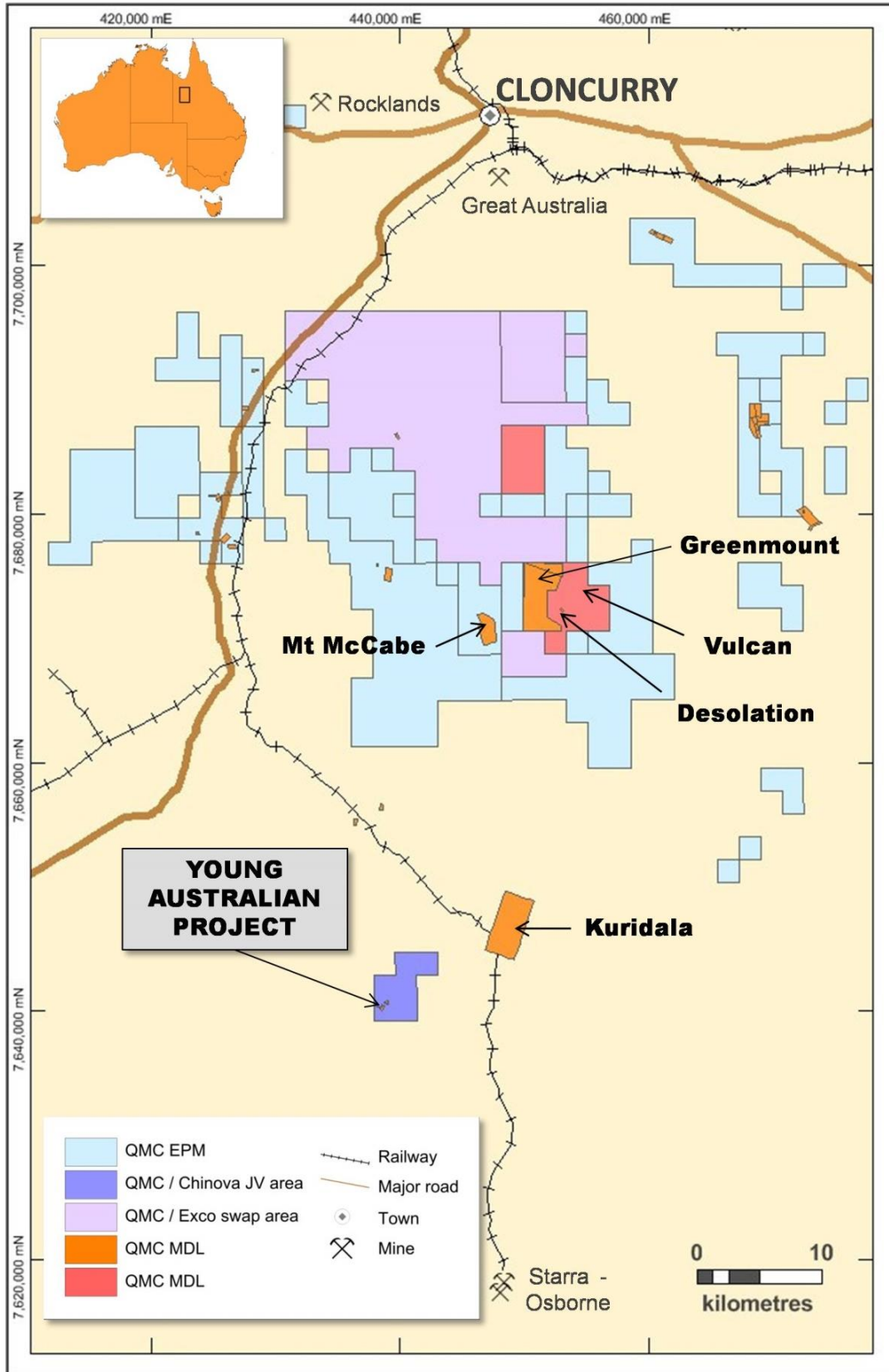


Figure 1 Regional location of the Young Australian project

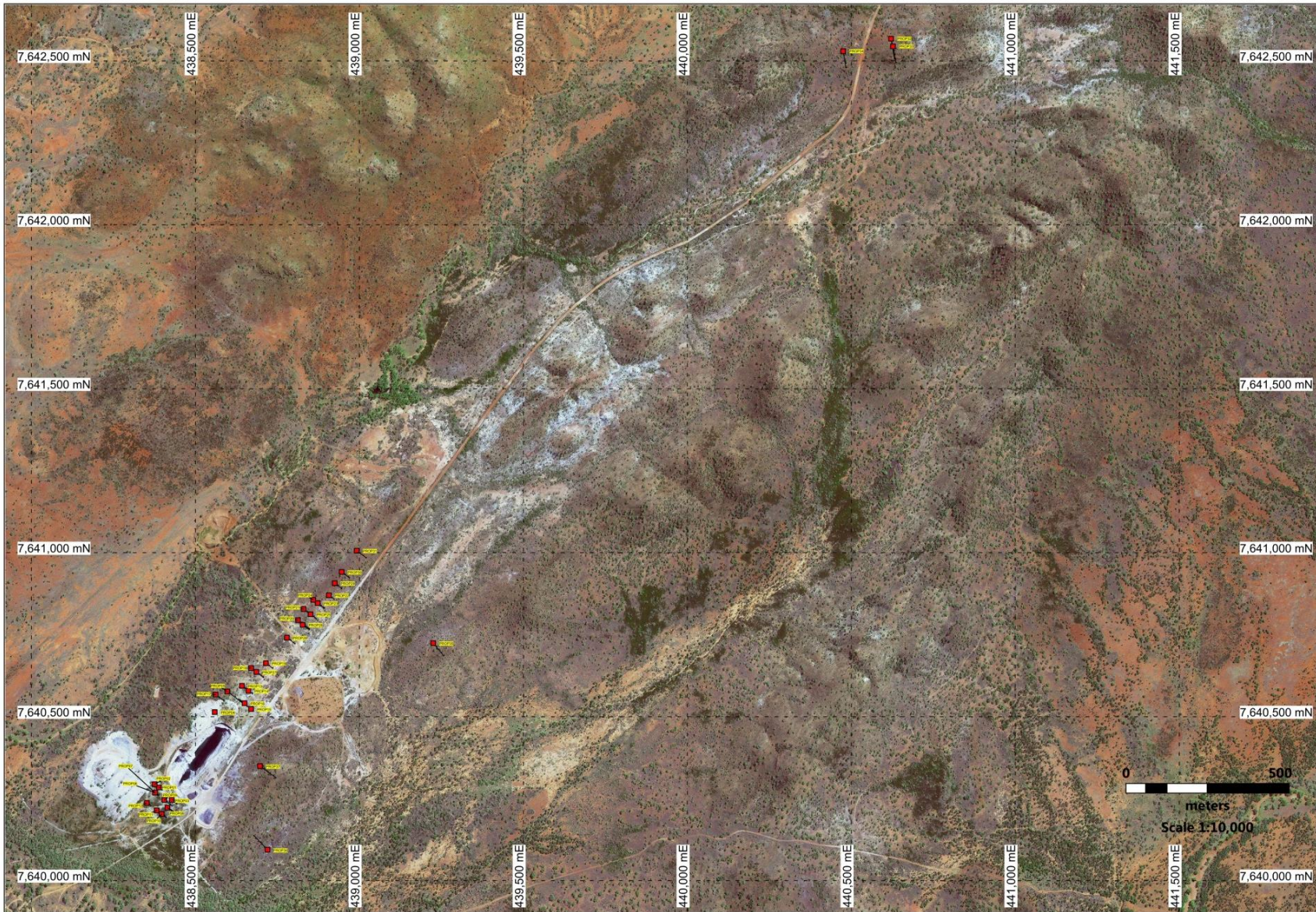


Figure 2 Planned drillhole location in Young Australian

2012 JORC Code

Section 2 – Reporting of Exploration Results

Criteria	Explanation
<i>Mineral Tenement and Land Tenure Status</i>	<ul style="list-style-type: none"> • The Young Australia project consists of four MLs (7511, 7512, 90084, 90099) and six sub-blocks within EPM 18912 located approximately 70km southwest of Cloncurry • The four MLs are 100% held by QMC's subsidiary North Queensland Mines Pty Ltd. ML7511 comprises 3 ha and expires 30/10/2021. ML7512 is 2 ha, expiry 30/10/2021. ML90084 is 5ha, renewal lodged. ML90099 is 5ha, renewal lodged. • EPM 18912 is owned by Chinova Resources. QMC is operating under a joint venture agreement with Chinova and has exclusive exploration rights of six sub-blocks until June 2020.
Exploration done by other parties	<p>The area has undergone small scale mining within the ML's from the early 1900s until the 1960s, at which point drilling (44 percussion holes, 8 diamond holes) and geophysical surveys (self-potential) were completed by MIM.</p> <p>Exploration has also been completed within the wider area since the 1960s and has included:</p> <ul style="list-style-type: none"> • MIM, Carpentaria (1963 – 1967): geological mapping, geophysical surveys, and drilling at Tank Hill, Main pit area, Hidden Treasure prospects • BHP (1973 – 1975): geological mapping, soil sampling • CRAE (1975 – 1976): steam sediment sampling, rock chip sampling • CRAE, Arimco, Ivanhoe (1989 – current): ground held under continuous tenure (conditional relinquishments) since 1989. Soil sampling at Trinity, Sigma, Card Game. Drilling at Card Game. RAB drilling at Dairy Bore. • Additional licenses have been held in the past, but work was focused outside the current area
Geology	<ul style="list-style-type: none"> • The Young Australian deposit consists of copper mineralisation that is probably controlled by NE trending, sub-vertical shear zones developed within the carbonaceous Answer Slate. Mineralisation comprises malachite, chrysocolla, cuprite, chalcocite and

	<p>chalcopyrite and tends to be associated with breccia zones.</p> <ul style="list-style-type: none"> • The Tank Hill, Tank Hill North, East Drift, YA North breccia and Hidden Treasure prospects are also thought to have potential for shear-hosted copper mineralisation and also occur within the Answer Slate
Drill hole information	<ul style="list-style-type: none"> • Not applicable as the drilling has not been completed yet
Data aggregation method	<ul style="list-style-type: none"> • Not applicable as the drilling has not been completed yet
Relationship between mineralisation widths and interception lengths	<ul style="list-style-type: none"> • Not applicable as the drilling has not been completed yet
Diagrams	<ul style="list-style-type: none"> • See Figure 1 & 2 of this announcement
Balanced reporting	<ul style="list-style-type: none"> • The accompanying document is considered to represent a balanced report
Other substantive exploration data	<ul style="list-style-type: none"> • Refer to body of announcement for additional geological observations
Further work	<ul style="list-style-type: none"> • Additional drilling will be undertaken if the initial drilling results are encouraging