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ASX Market Announcement

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Initial Encouraging Drilling Results returned from Young Australian

Queensland Mining Corporation Limited (**ASX: QMN**) is pleased to announce the initial results received from the recently completed RC drilling program in Young Australian, approximately 70 km south of Cloncurry in northwest Queensland (Figure 1). The program consisted of 37 holes for a total of 2,592m. It was designed mainly to infill and to expand the existing resources estimated for the pit area with five holes to test the separate mineralised zones identified in 2015. Assay results have been received from the first 11 holes in the program and highlights of the drill intercepts include:

- ***24m @ 1.31% Cu from 34m, including
7m @ 2.84% Cu from 42m in Hole YA17RC07***
- ***13m @ 2.33% Cu from 31m, including
7m @ 3.29% Cu from 34m in Hole YA17RC09***
- ***12m @ 0.76% Cu from 33m, including
7m @ 1.06% Cu from 36m in Hole YA17RC11***

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

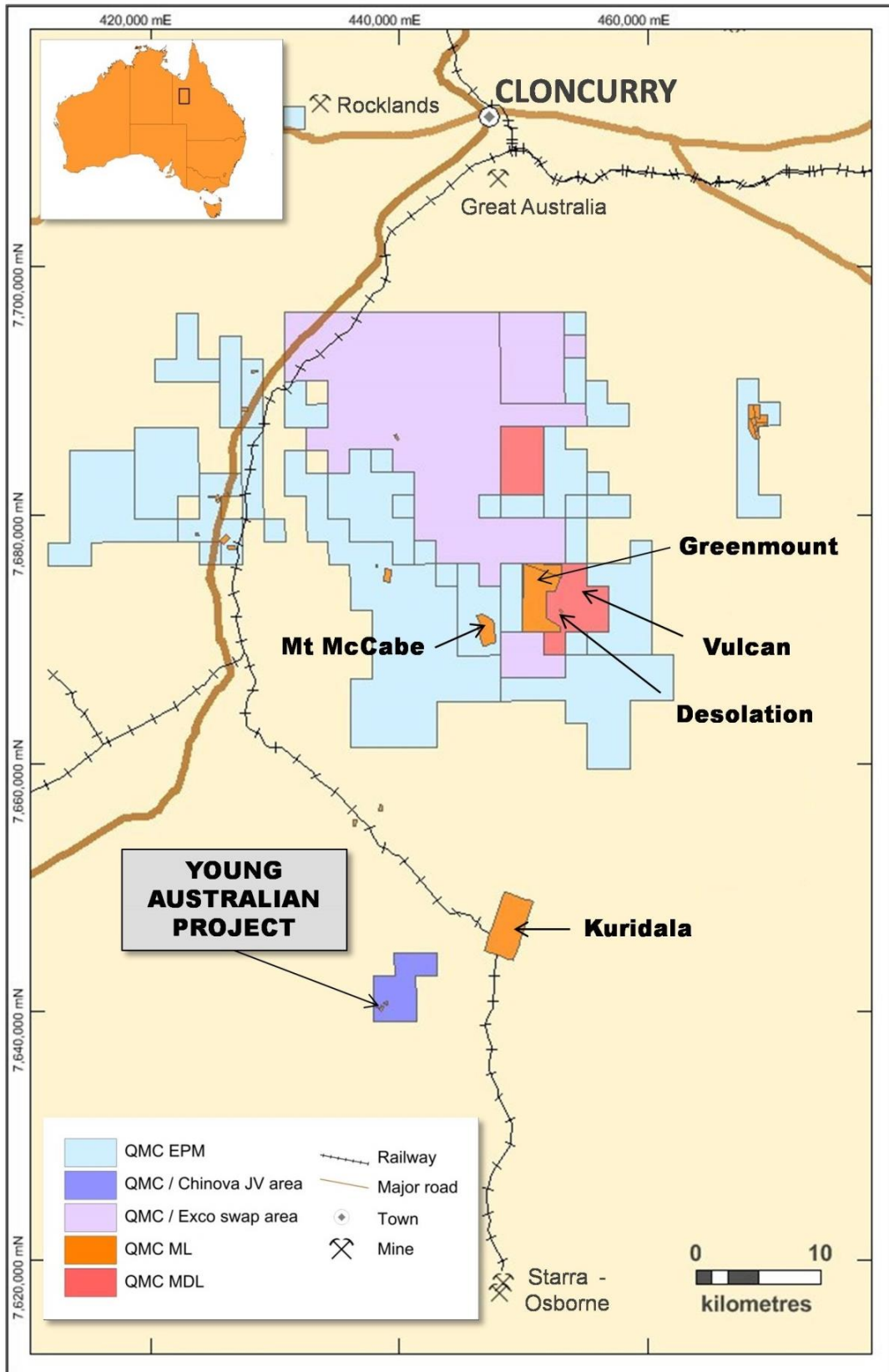


Figure 1 Regional location of the Young Australian project

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 current drilling program is focused on infilling and expanding the existing JORC resources established in the main Young Australian mineralized zone. Details of the drillhole information are set out in Table 1 and their locations are shown in Figure 2.



Figure 2 Drillhole location plan for the current RC drill program completed in Young Australian

The first 11 holes with assays available were drilled in the southwest end of the main Young Australian zone with the aim to extend the mineralisation along strike further down south. As the best of these 11 holes, YA17RC09 was drilled about 30m away from the current pit boundary and intersected high grade oxide copper of **13m@ 2.33%Cu from 31m**, including an even higher intercept of **7m@ 3.29% Cu from 34m**. Hole YA17RC07 was collared about 40m behind YA17RC09 but was drilled vertically on the same section. This hole returned **24m@ 1.31% Cu from 34m**,

including 7m @ 2.84% Cu from 42m. However, the true width of the intersection should be heavily discounted given the relatively steep dip of the target zone (Figure 3).

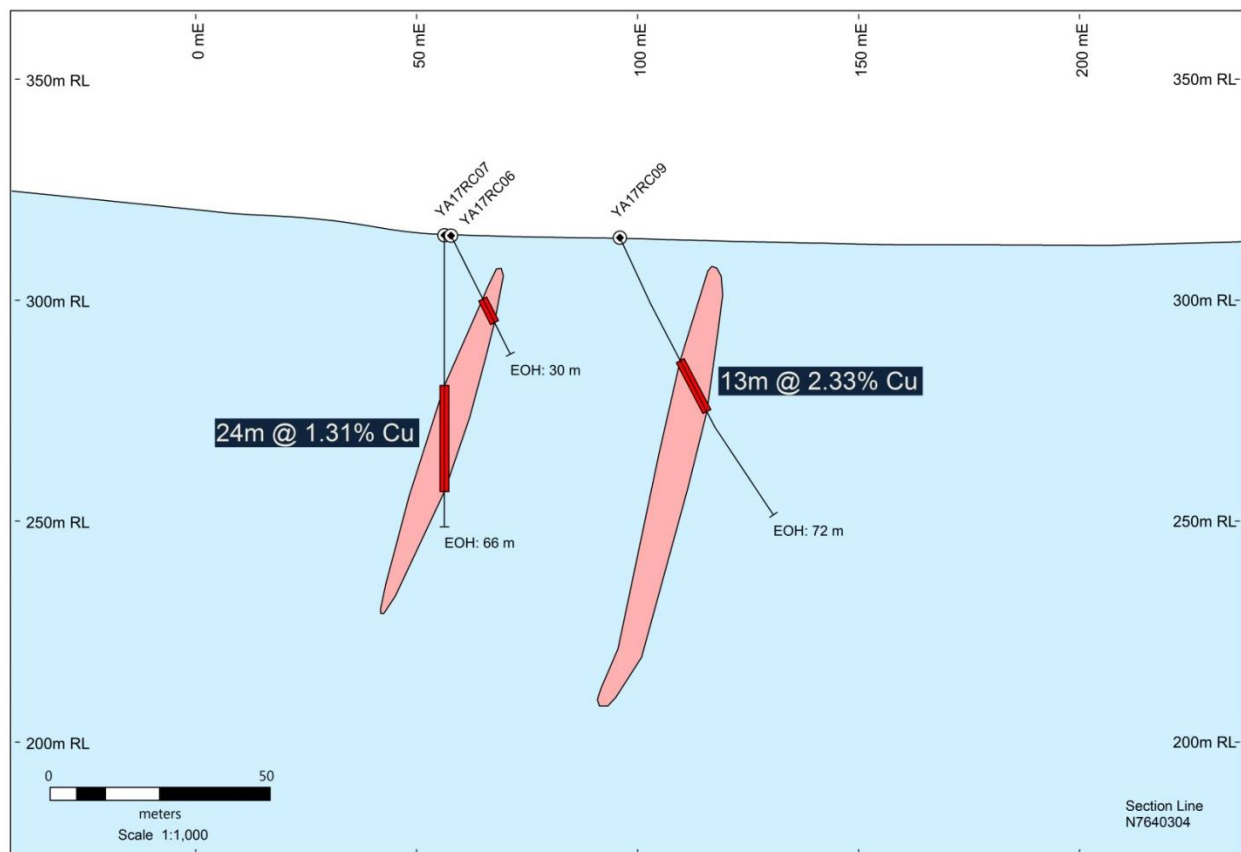


Figure 3 Cross section through Holes YA17RC06, YA17RC07 and YA17RC09 (looking north)

Hole YA17RC11 was drilled about 60m from the pit boundary along strike to southwest and returned 12m @ 0.76% Cu from 33m, including a better intercept of **7m @ 1.06% Cu from 36m**. Hole YA17RC10 was sited about 20m in the front of YA17RC11 and intersected **1.48% Cu over 5m**. The selected drill intercepts for the drill program are summarized in Table 2.

The drilling has apparently extended the known mineralisation further down south along strike and the results will help to better define the resource model to support the ongoing scoping study for the White Range project. More drilling will be planned to follow up these encouraging intersections further to the southwest after all the assays are received and reviewed.

Eddy Wu, QMC's CEO, said "the Company is excited about these initial positive drill results returned from the recent RC drill program. The high grade copper intersections encountered at shallow depth will potentially increase the economics of the project. More drill assays are expected to be received in next 2-3 weeks and the Company is looking forward to sharing the results with our shareholders".

Table 1 Drillhole details for the recent RC program at Young Australian

Hole ID	Easting (GDA)	Northing (GDA)	RL	Azi (GDA)	Dip	Depth (m)	Type
YA17RC01	438390	7640284	319	127	-65	30	RC
YA17RC02	438378	7640294	319	127	-65	64	RC
YA17RC03	438429	7640246	313	127	-60	36	RC
YA17RC04	438557	7640516	332	127	-85	72	RC
YA17RC05	438602	7640573	326	127	-55	102	RC
YA17RC06	438375	7640270	315	127	-65	30	RC
YA17RC07	438374	7640271	315	127	-90	66	RC
YA17RC08	438416	7640222	313	127	-65	42	RC
YA17RC09	438405	7640246	314	127	-65	72	RC
YA17RC10	438397	7640203	312	127	-65	44	RC
YA17RC11	438382	7640214	312	127	-65	72	RC
YA17RC12	438354	7640236	313	127	-65	36	RC
YA17RC13	438642	7640594	321	127	-60	60	RC
YA17RC14	438663	7640579	321	127	-60	30	RC
YA17RC15	438670	7640524	321	307	-55	72	RC
YA17RC16	438652	7640542	323	307	-60	36	RC
YA17RC17	438561	7640569	323	127	-55	72	RC
YA17RC18	438671	7640646	319	127	-60	90	RC
YA17RC19	438715	7640663	318	127	-60	48	RC
YA17RC20	438813	7640793	318	127	-60	132	RC
YA17RC21	438830	7640825	318	127	-60	108	RC
YA17RC22	438908	7640868	319	127	-60	42	RC
YA17RC23	438874	7640848	319	127	-60	48	RC
YA17RC24	438860	7640857	318	127	-60	84	RC
YA17RC25	438849	7640810	318	127	-60	54	RC
YA17RC26	438827	7640779	318	127	-60	48	RC
YA17RC27	438687	7640635	318	127	-60	54	RC
YA17RC28	438779	7640740	317	127	-60	60	RC
YA17RC29	438926	7640905	321	127	-60	78	RC
YA17RC30	438954	7640937	323	127	-55	72	RC
YA17RC31	438993	7641005	324	127	-60	72	RC
YA17RC32	438335	7640200	312	307	-60	54	RC
YA17RC33	438699	7640350	312	126	-60	102	RC
YA17RC34	438721	7640091	314	126	-60	156	RC
YA17RC35	440622	7642563	349	170	-60	102	RC
YA17RC36	439224	7640730	330	140	-60	138	RC
YA17RC37	439540	7640987	333	136	-60	114	RC

Table 2 Selected drill results from the recent RC program at Young Australian (using a 0.2% Cu cut-off grade and 3m internal dilution)

Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Ag (g/t)
YA17RC09	31	44	13	2.33	2.3
<i>Incl.</i>	34	41	7	3.29	3.2
YA17RC07	34	58	24	1.31	1.8
<i>Incl.</i>	42	49	7	2.84	2.8
YA17RC11	33	45	12	0.76	
<i>Incl.</i>	36	43	7	1.06	2
YA17RC10	25	30	5	1.48	
YA17RC08	18	23	5	1.06	
YA17RC02	37	47	10	0.82	1.1

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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.

2012 JORC Code

Section 1 – Sampling Techniques and Data

Criteria	Explanation
<i>Drilling Techniques</i>	<ul style="list-style-type: none">• Reverse circulation drilling using a Schramm T685 truck mounted rig with 500psi on-board air• 37 holes were drilled, for a total of 2,592m.
Sampling Techniques	<ul style="list-style-type: none">• All drill samples were collected at 1 metre intervals• Drill samples were split using a cone splitter mounted on the drill rig• Average sample weight is about 3kg• Samples were pulverised to produce 30g charge for four acid digest for multi-elements
Drill sample recovery	<ul style="list-style-type: none">• RC recovery is initially visually estimated based on the size of the green bags• Recovery was good, with relatively consistent sample size
Logging	<ul style="list-style-type: none">• Drill chips were logged onto field sheets and later input into the computer connected with Company server in the site office.• Chips were sieved on regular 1m intervals and put into labelled chip trays• All chips were geologically logged• Chip trays are stored in the site office in Cloncurry
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none">• All samples were analysed using an Innov-X handheld XRF device to provide an estimate of the copper content. This data was used as a guideline only to assist with sampling.• A selection of samples were submitted to the laboratory for assay, based on a combination of the XRF results and geological logging• Analyses were performed by ALS Global, Townsville laboratory, using standard procedures and standard laboratory checks.• All samples were analysed for a multi-element suite (ME-ICP61) including copper and cobalt. On return of copper values >1% a second series of analyses were undertaken with parameters optimised for high concentrations (Cu-OG62)• The four acid digest used in ME-ICP61 is considered to be a 'near-total' digest.• Sample preparation is consistent with industry standard practice• The sample sizes are appropriate for the material being sampled

Quality of assay data and laboratory tests	<p>Sampling and assaying quality assurance and quality control (QAQC) procedures were implemented by the Company for all the drilling programs undertaken in Cloncurry. They included:</p> <ul style="list-style-type: none"> • Blind certified OREAS standards were inserted 1 in every 25 samples • Blanks and field duplicates were included at a ratio of 1:50 • Field duplicates were obtained by splitting the calico where possible, or spear sampling the green plastic bag • OREAS standards were sourced from Ore Research & Exploration Ltd • A total of 51 standards with various values, 25 duplicates and 26 blanks were used for the drill program
Verification of sampling and assaying	<ul style="list-style-type: none"> • Significant mineralisation intersections will be verified by Chief Geologist
Location of data points	<ul style="list-style-type: none"> • Drill hole collars were picked up using DGPS with sub-metre resolution • Down hole surveys were conducted using an Reflex EZ-Track digital camera and readings were recorded every 30m • Co-ordinates are recorded in grid system MGA94, Zone 54
Data spacing and distribution	<ul style="list-style-type: none"> • Drill hole spacing is at 40m x 20m in the main zone with endeavour to achieve JORC indicated resources. Five other holes were still in the early stage of exploration so no drilling pattern was established yet • No sample compositing has been applied
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • Drill holes were designed to intersect the mineralized structures with minimal depth • Drilling orientation was proposed to be approximately perpendicular to the strike of interpreted mineralised zones
Sample security	<ul style="list-style-type: none"> • Sample bags were packed in batches into polyweave bags and then wrapped onto pallets for transport • Samples were transported to the laboratory in Townsville by NQX
Audits or reviews	<ul style="list-style-type: none"> • Audit of sampling techniques and data will be performed • In-house review of QAQC for laboratory assays will be undertaken

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% owned 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, expiry 30/04/2017 (renewed lodged). ML90099 is 5ha, expiry 31/05/2016 (renewal lodged). EPM 18912 is held 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 and Carpentaria.</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 (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, native copper, cuprite, chalcocite and chalcopyrite. The Tank Hill, Tank Hill North, Tank Hill South, 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"> • Full drill collar details, including coordinates, orientation, and final depth, are provided in Table 1 of the announcement
Data aggregation method	<ul style="list-style-type: none"> • No weighting, truncations, aggregates, or metal equivalents were used • Standard intercepts were calculated using a 0.2% copper cut-off. A maximum of consecutive 3m of below 0.2% samples were allowed within each intercept.
Relationship between mineralisation widths and interception lengths	<ul style="list-style-type: none"> • Estimated true widths are approximately 60-70% of the drilled intervals in main pit area • The relationship between the mineralisation width and interception lengths for 5 other holes in the Tank Hill South and North Breccia Zones is not known at this early stage of exploration.
Diagrams	<ul style="list-style-type: none"> • See Figure 2 & 3 of this report
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 report for additional geological observations
Further work	<ul style="list-style-type: none"> • Additional drilling is planned at the Tank Hill South and Tank Hill North prospects