

Queensland Mining Corporation Limited

ABN: 61 109 962 469 ASX Code: QMN Phone: +61(2) 8964 6411 Fax: +61(2) 8964 6865

Web: www.qmcl.com.au

Address: Suite 101A, Level 1, 1 Alfred Street, Sydney, NSW 2000

Quarterly Report

For the period ended 31 December 2017

31 January 2018

HIGHLIGHTS

Operations

- Exploration activity for the quarter included the completion of 5 RC holes totalling 762m in the Tank Hill zone at the Young Australian project
- Copper mineralisation was intersected across all the holes at Tank Hill with highlights including -

19m @ 1.32% Cu from 120m in HoleYA17RC40

16m @ 0.93% Cu from 77m in Hole YA17RC39

9m @ 0.83% Cu from 115m in Hole YA17RC42

- Mineralisation has been defined over a 1.2km strike length with potential to significantly increase the resource base
- Systematic RC and diamond core drilling at Tank Hill is planned for 2018

Corporate

- A cash takeover offer was made by Moly Mines Limited on 15 December 2017 to acquire all outstanding QMC shares at \$0.17 per share
- The offer became unconditional on 21 December and acceptances for the offer were at 95.22% as of 18 January 2018
- Mr Ivo Polovineo and Mr Greg Jones were appointed directors of the Company on 21 December 2017. Dr Lakshman Jayaweera and Mr Jun Qiu resigned as directors on the same date
- On 23 January Moly Mines announced that it would proceed to compulsory acquisition of the outstanding QMC shares

Exploration activities during the quarter focussed on the completion of 5 RC holes for a total of 762m in the Young Australian area near Cloncurry. The program was designed to follow up the significant copper intersections reported from Phase 1 RC drilling at the Tank Hill prospect, approximately 300m east of the main Young Australian zone.

Young Australian Prospect

The Young Australian prospect consists of four mining leases (100% QMC interest) and six surrounding sub-blocks within EPM 18912 held by Chinova Resources in joint venture with QMC. 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 flagship White Range project.

Young Australian is centered approximately 70km south of Cloncurry in northwest Queensland (Figure 1). QMC has carried out intense exploration in the area from 2008 to 2017 with a total of 106 RC holes being drilled for 11,542m. A JORC Mineral 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.

During exploration in 2015, QMC discovered a new mineralized zone (Tank Hill Zone) located about 300m east of the main Young Australian zone. The best hole drilled in 2015 on this new zone yielded 26m @ 1.56% Cu from 59m. In September 2017, QMC completed another 3 RC holes with the best hole returning 60m @ 1.0% Cu from 69m (YA17RC36).

Exploration at Tank Hill during the current quarter included the completion of 5 RC holes for a total of 762m. The purpose of the drilling was to test the strike and down dip extension of mineralisation intersected in the previous drilling and the continuity of the interpreted mineralised zone. Within this programme, one hole (YA17RC39) was drilled into QMC's mining lease whilst the remainder were drilled into the JV area with Chinova Resources. Details of the drilling are presented in Table 1 and locations are shown in Figure 2.

Holes YA17RC40, YA17RC41 and YA17RC42 were designed to test the down dip and along strike extension of the copper mineralization reported from YA17RC36, the best hole in the last program (60 @ 1.0% Cu from 69m). Hole YA17RC40 was collared about 30m behind hole YA17RC36 and drilled to a depth of 174m. This hole returned 19m @ 1.32% Cu from 120m but only extended the mineralization about 10m down dip due to severe lifting of the hole angle during drilling (from a dip of 54° at surface to 29.7° at 174m depth). A diamond core hole is planned to address this issue and target mineralization at depth in 2018.

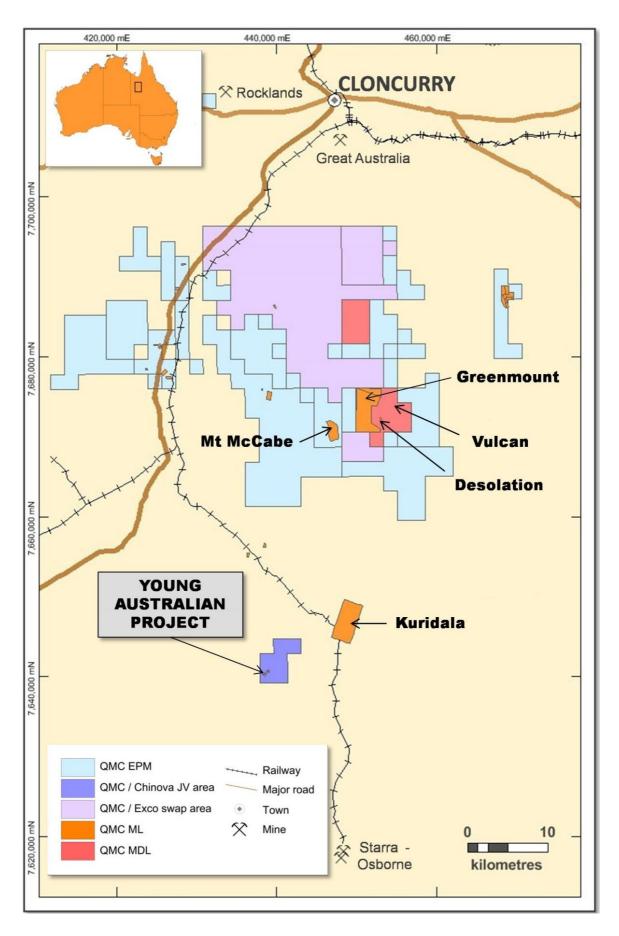


Figure 1 Regional location of the Young Australian project

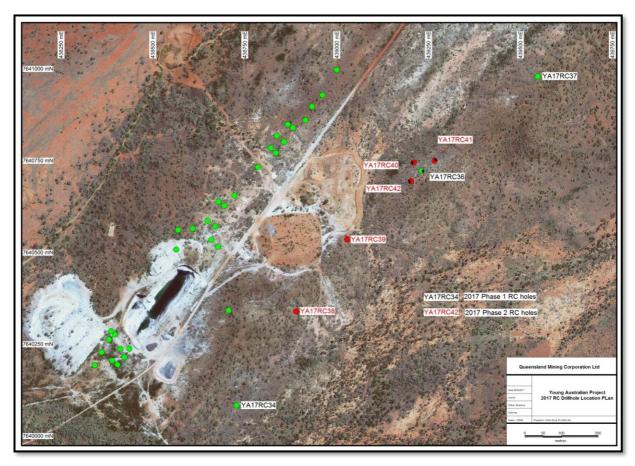


Figure 2 Location plan for 2017 Phase 2 RC drill program completed at Young Australian

Table 1 Drill hole details for 2017 Phase 2 RC program at Young Australian

Hole ID	Easting (GDA)	Northing (GDA)	RL	Azi (Grid)	Dip	EOH	Туре
YA17RC38	438883	7640348	320	301	-60	168	RC
YA17RC39	439022	7640543	326	161	-60	132	RC
YA17RC40	439203	7640753	324	140	-54	174	RC
YA17RC41	439259	7640758	328	140	-60	150	RC
YA17RC42	439195	7640702	322	138	-60	138	RC

Hole YA17RC41 was sited about 40m along strike to the northeast of hole YA17RC36 and encountered four intervals of low grade mineralization including 13m @ 0.44% Cu from 86m. This hole also reported a broad cumulative intersection of 96m @ 0.21% Cu from 48m. Hole YA17RC42 was collared about 40m to the southwest of hole YA17RC36 and returned two intervals of mineralization; 20m @ 0.36% Cu from 65m and 9m @ 0.83% Cu from 115m. Copper intersections revealed from these two holes demonstrate the continuity of mineralization along strike of more than 80m.

Hole YA17RC39 was collared approximately in the middle of the Tank Hill zone, representing a changing point in dip direction for the interpreted structural zone. This hole reported two intersections of copper mineralization. The shallower one was 16m @ 0.93% Cu from 77m whilst the deeper one was 13m @ 0.43% Cu and 1,017ppm Co from 97m (Figure 3). These positive drill intercepts may indicate the north Tank Hill zone and the south Tank Hill zone are

actually continuous with mineralization, which has a drill tested strike length of 1,200m (Figure 4). Selected drill intercepts for the drill program are summarized in Table 2.

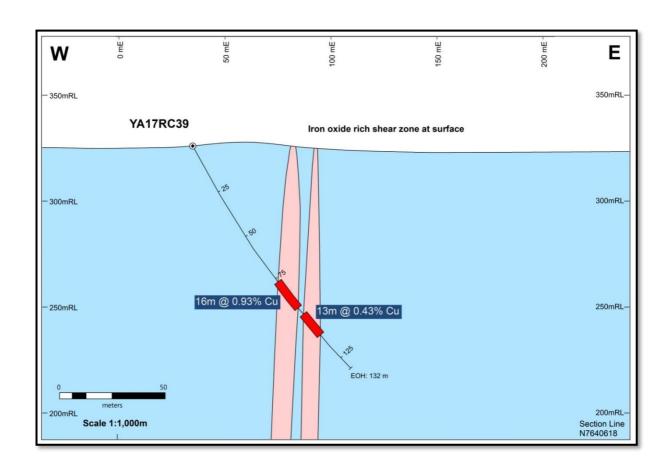


Figure 3 Schematic cross section through hole YA17RC39 showing the intersected mineralized zones in the central Tank Hill zone (looking northeast)

Table 2 Selected drill intercepts from Phase 2 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 (%)	Co (ppm)	Ag (g/t)
YA17RC38	59	80	21	0.47		
YA17RC39	77	93	16	0.93	195	2.8
	97	110	13	0.43	1,017	0.8
YA17RC40	120	139	19	1.32		
YA17RC41	48	61	13	0.33		
	73	78	5	0.20		
	86	99	13	0.44		
	104	115	11	0.38		
	132	145	13	0.20		
YA17RC42	65	85	20	0.36		0.8
	115	124	9	0.83		1.2

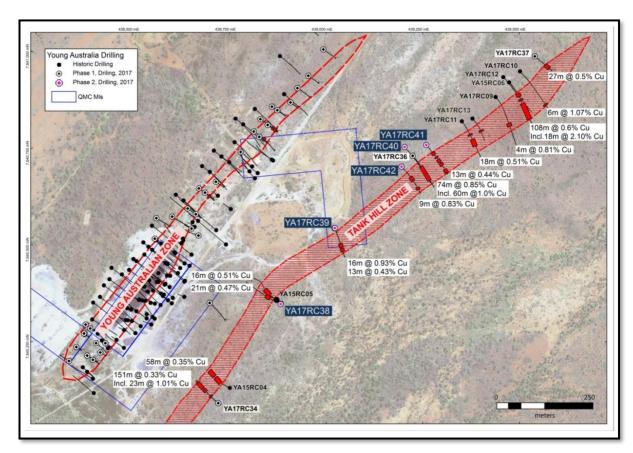


Figure 4 QMC 2015 and 2017 RC holes drilled into the Tank Hill mineralized zone

Additional positive assay results received from the second phase of RC program in Young Australian have reinforced the good prospectivity of the project. Over the last 3 years the Company has completed a total of 2,528m in 17 holes within the Tank Hill zone which has outlined a mineralized zone >1.2km long with multiple significant intersections. Follow-up diamond and RC drill programs are planned in 2018 with the aim of defining additional JORC Mineral Resources to help support the development of the White Range project.

Scoping Study on the White Range Project

The scoping study for the White Range project by MEC Mining has been completed. A draft copy of the final report has been provided to the Company for review and comment.

Corporate Activities

On 15 December 2017, QMC entered a bid implementation agreement with Moly Mines Limited, pursuant to which Moly Mines made a conditional takeover bid for all the shares in QMC for a cash consideration of \$0.17 per share. The offer price represented a premium of 49.12% to the 30 trading day VWAP of A\$0.114 per share as at 14 December 2017, the last trading day before the date on which the offer was made.

Dr Lakshman Jayaweera, the then non-executive Chairman of QMC, said "I strongly believe this current takeover bid is more attractive to our shareholders than the previous offer to

purchase the White Range project by Moly. This takeover bid is much simpler to execute, and assuming that it is successful, will mean payment by Moly direct to QMC shareholders at A\$ 0.17 per share, with a total cash consideration valuing QMC at approximately A\$ 50.8 million. It also provides a quick, superior and secure return to our shareholders with immediate payment by Moly within the specified payment period".

On 21 December 2017, the company was notified by Moly that they held a relevant interest in 55.5% QMC shares and the Takeover Bid became free from all conditions. Following the notification, Mr Ivo Polovineo and Mr Greg Jones were appointed as directors of the Company, with Mr Polovineo as the chair of the Company's board. On the same date Dr Lakshman Jayaweera and Mr Jun Qiu resigned as directors of the Company. Mr Pipvide Tang resigned as company secretary and Ms Susan Hunter was appointed company secretary.

Moly's offer closed on 19 January 2018 and on 23 January the Company announced that it would proceed to compulsory acquisition of the outstanding shares. QMC expects ASX to suspend quotation of QMC Shares after close of trading on ASX on Friday 2 February 2018 and to remove QMC from ASX's official list on or about 7 February 2018.

For further details please contact:

Greg Jones Director

Tel: 02 8964 6411

Email: Admin@qmcl.com.au

Competent Persons Statement

The information in this report that relates to Exploration Results 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.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

ABN Quarter ended ("current quarter") 61109962469 31 December 2017

Cor	solidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(795)	(1,633)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(652)	(820)
1.3	Dividends received (see note 3)		
1.4	Interest received	8	31
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
	-Option fee received		3
	-GST Refund	40	40
	-Payroll & PAYG Tax paid	(47)	(86)
1.9	Net cash from / (used in) operating activities	(1,446)	(2,465)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(2)	(2)
	(b) tenements (see item 10)		
	(c) investments		

⁺ See chapter 19 for defined terms

1 September 2016

Page 1

Con	solidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	200	200
3.4	Transaction costs related to issues of shares, convertible notes or options		(2)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	200	198

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,993	5,014
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,446)	(2,465)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	200	198
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,745	2,745

⁺ See chapter 19 for defined terms 1 September 2016

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	325	102
5.2	Call deposits	721	697
5.3	Bank overdrafts		
5.4	Term Deposits	1,699	3,194
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,745	3,993

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	376
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include helow any explanation necessary to understand the transaction	one included in

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payment to Lakshman Jayaweera	
-Director fee, Bonus and Consulting fee	\$119
Payment to Eddy Wu	
- Director fee, Bonus and ETP	\$142
Payment to Jun Qiu	
-Director fee and Bonus	\$56
Payment to Joyce Wang that Joyce Wang is an alternate Director	
-Accounting and taxation services, Bonus and ETP	\$59

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	18
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactio items 7.1 and 7.2	ns included in

+ See chapter 19 for defined terms 1 September 2016 Page 3

8.	Financing facilities available Add notes as necessary for an understanding of the position	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility ab whether it is secured or unsecured. If any add proposed to be entered into after quarter end	ditional facilities have bee	en entered into or are

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	250
9.2	Development	
9.3	Production	
9.4	Staff costs	
9.5	Administration and corporate costs	200
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	450

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Page 4

⁺ See chapter 19 for defined terms 1 September 2016

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

If Hunte

Sign here:		Date:	31 January 2018
Ü	(Director/Company secretary)		•

Print name: Susan Hunter

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

1 September 2016 Page 5

⁺ See chapter 19 for defined terms