



Queensland Mining Corporation Limited

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## Quarterly Report

For the period ended 31 December 2016

25 January 2017

### HIGHLIGHTS

#### Operations

- The highlight of the exploration activities for the current quarter was the receipt of assay results for the 13 RC holes completed in Copper Canyon located in northeast of the White Range project.
- The program has a total depth of 1,446m and was designed to follow up the intersections from the drilling undertaken in April 2016 and test new geochemical anomalies under cover. The highlights from the assay results include:

*8m @ 0.70% Mo, 1.59g/t Au, and 37ppm Ag, including*

*2m @ 2.16% Mo, 4.57g/t Au and 90g/t Ag from 69m in Hole CC16RC11*

*19m @ 0.30% Cu and 0.14g/t Au from 28m in Hole CC16RC12*

*2m @ 1.19% Cu from 91m in Hole CC16RC16*

*4m @ 0.70% Cu and 0.45g/t Au from 83m in Hole CC16RC17*

*15m @ 0.10% Mo from 48m in Hole CC16RC18*

*4m @ 0.27% Cu, 2.19g/t Au, and 873ppm Co from 61m in Hole CC16RC21*

#### Corporate

- During the quarter the Company entered into an earn-in option and joint venture agreement with Teck Australia Pty Ltd to explore the potential for base metal deposits within the four White Range exploration permit for minerals, i.e. EPM14148, EPM15897, EPM 25849 and most sub-blocks of EMP15740.
- The Company also successfully extended the Young Australian agreement with Chinova Resources for another three years after it expires in June 2017.
- The appeal lodged by Mr Renshaw on his bankruptcy order was dismissed with cost.

## **Exploration Activities Report**

Exploration activities undertaken in the current quarter are dominated by the receipt of assay results for the 13 RC holes (1,446m) drilled in the Copper Canyon prospect located approximately 25km south of Cloncurry (Figure 1). The drilling program was designed to both follow up the encouraging Cu-Mo intersections returned from the April 2016 RC program and test highly ranked new targets defined in the broader prospect area. Details of the activities are presented as the followings.

### **Copper Canyon (MDL204)**

#### **1. Introduction**

The Copper Canyon prospect falls within the Company's 100% owned MDL204 located 25km south of Cloncurry (Figure 1). This MDL is one of the several tenements (5 EPMs, 2 MDLs, and 9 MLs) which collectively comprise the Company's flagship White Range project.

MDL 204 lies on the eastern flank of the Marimo Basin, a poorly understood tectonic feature within the eastern succession of the Proterozoic Mt Isa Inlier. The Marimo Basin appears to be a synclinal structure of approximately 30km strike length in an N-S direction, and 20km wide. It straddles the northern extension of a major north-south tectonic corridor along which lie the Mt Stuart, Selwyn, Mt Elliott, Mt Dore, Kuridala, Greenmount, and Mt McCabe copper deposits.

The Marimo Shale is the principal formation occupying the Marimo Basin. It is underlain by the Staveley Formation, however most of the contacts are interpreted to be fault-related. These thrust faults appear to have played an important role in the formation of copper mineralisation, with most known deposits in the area (including Greenmount and Copper Canyon) occurring close to the Marimo-Staveley contact. Mineralisation is typically focused within a carbonaceous shale unit of the Marimo Shale, suggesting that redox processes may have been critical to deposition.

The ground held under MDL204 has seen intermittent exploration since the 1980s by a number of companies including Valdora Minerals, Homestake Australia, Majestic Resources, and Matrix Metals. As part of a joint venture with Valdora Minerals covering a larger area in the White Range project, Homestake Australia Ltd undertook extensive exploration work throughout the tenement from 1986 to 1996. Of particular importance, 37 RC holes and 1 diamond hole were drilled in 1992 in north Copper Canyon. Significant copper mineralisation was reported, including 56m @ 1.58% Cu and 0.7g/t Au from 65m in hole CCNRC27. Homestake Australia were focused on exploration for large scale gold deposits, and as a result not all holes were assayed for copper. Furthermore, cobalt and molybdenum were not analysed in most drill and soil samples, leaving potential for further undiscovered mineralisation.

QMC have previously completed geological mapping and an initial RC drilling program in April of 2016. This program returned significant copper mineralisation with gold and cobalt

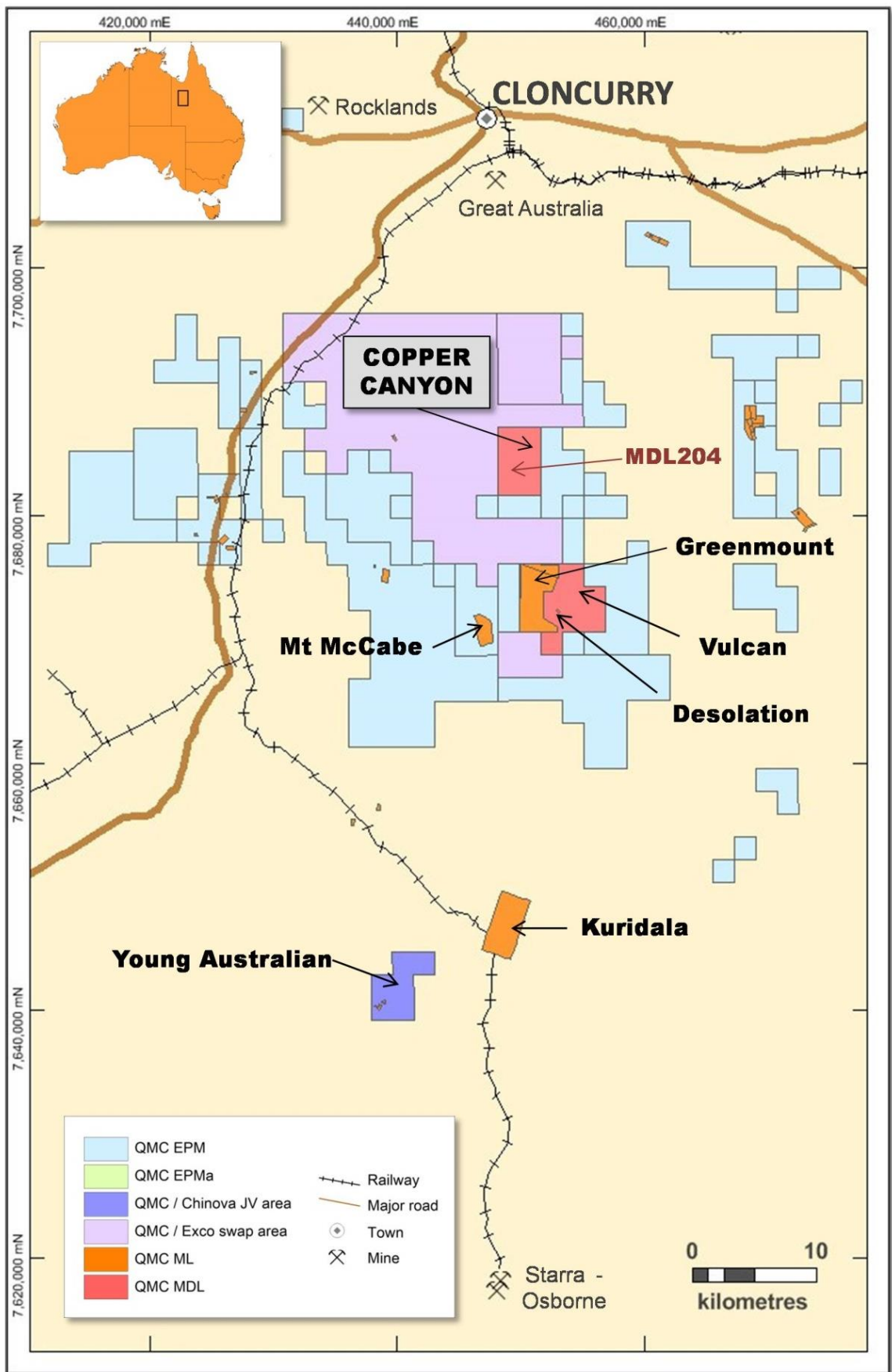


Figure 1: Location of QMC tenements and the Copper Canyon prospect

credits, including 37m @ 0.78% Cu, 0.50g/t Au, and 976 ppm Co from 54m in Hole CC16RC01. The drilling also intersected a previously undiscovered zone of high grade molybdenum mineralisation, with 7m @ 3.0% Mo, 0.94g/t Au and 8.0g/t Re from 46m in hole CC16RC06.

In addition, QMC undertook a bedrock geochemical sampling program over the alluvial covered area in Copper Canyon. A total of 313 holes for 1,921m were completed with a conventional RC rig with hole depth varying from 4 to 7m. A termite mound sampling program was completed in conjunction with this, to provide consistent geochemical coverage over the whole of the prospect. This work has outlined several copper and molybdenum anomalies, some of which were selected for testing by the second phase of RC drilling program in October 2016.

## 2. Phase 2 RC drilling

The second phase of RC drilling program consists of 13 holes for a total of 1,446m (Figure 2). Details are provided in Table 1 below.

Table 1: Details of Phase 2 RC drilling program

Hole ID	East (MGA94)	North (MGA94)	Azimuth (MGA94)	Azimuth (Mag)	Dip	Depth	Target
CC16RC11	450404	7686594	293	287	-60	150	Copper Canyon North Main zone
CC16RC12	450334	7686674	114	108	-55	132	Copper Canyon North Main zone
CC16RC13	450352	7686475	294	288	-60	138	Copper Canyon North Main zone
CC16RC14	450381	7686433	239	233	-60	84	Copper Canyon North Main zone
CC16RC15	450361	7686345	241	235	-55	84	Copper Canyon North Main zone
CC16RC16	450455	7686571	295	289	-60	180	Copper Canyon North Main zone
CC16RC17	449887	7687326	241	235	-60	102	Mo anomaly in bedrock RC
CC16RC18	449639	7687193	242	236	-60	102	Mo anomaly in bedrock RC and termite
CC16RC19	449699	7687030	242	236	-60	120	Mo anomaly in bedrock RC and termite
CC16RC20	450055	7686855	241	235	-55	60	Cu anomaly in historical RAB
CC16RC21	450528	7685527	241	235	-60	90	Cu anomaly in bedrock RC
CC16RC22	450921	7685209	250	244	-60	102	Cu anomaly in bedrock RC
CC16RC23	450661	7685374	241	235	-60	102	Cu anomaly in bedrock RC

Six of the holes (CC16RC11 to CC16RC16) were completed in the main zone at Copper Canyon North. The main structure at Copper Canyon consists of the thrust faulted Staveley-Marimo contact, which trends NNW over a strike length of approximately 3.5km. Previous drilling has focused on this structure and has therefore been oriented perpendicular to this direction (i.e. ENE or WSW). Based on the geological mapping and results of the April drilling program, it was interpreted that the highest grade copper and molybdenum mineralisation was instead focused in a NE-trending jog of this main structure, which may have acted as a dilation zone and could have provided a favourable site for mineralisation (Figure 3).

Four of the holes (CC16RC11, 12, 13, and 16) aimed to test this interpretation and therefore drilled towards the northwest (Figure 4). CC16RC11 intersected the molybdenum zone, with



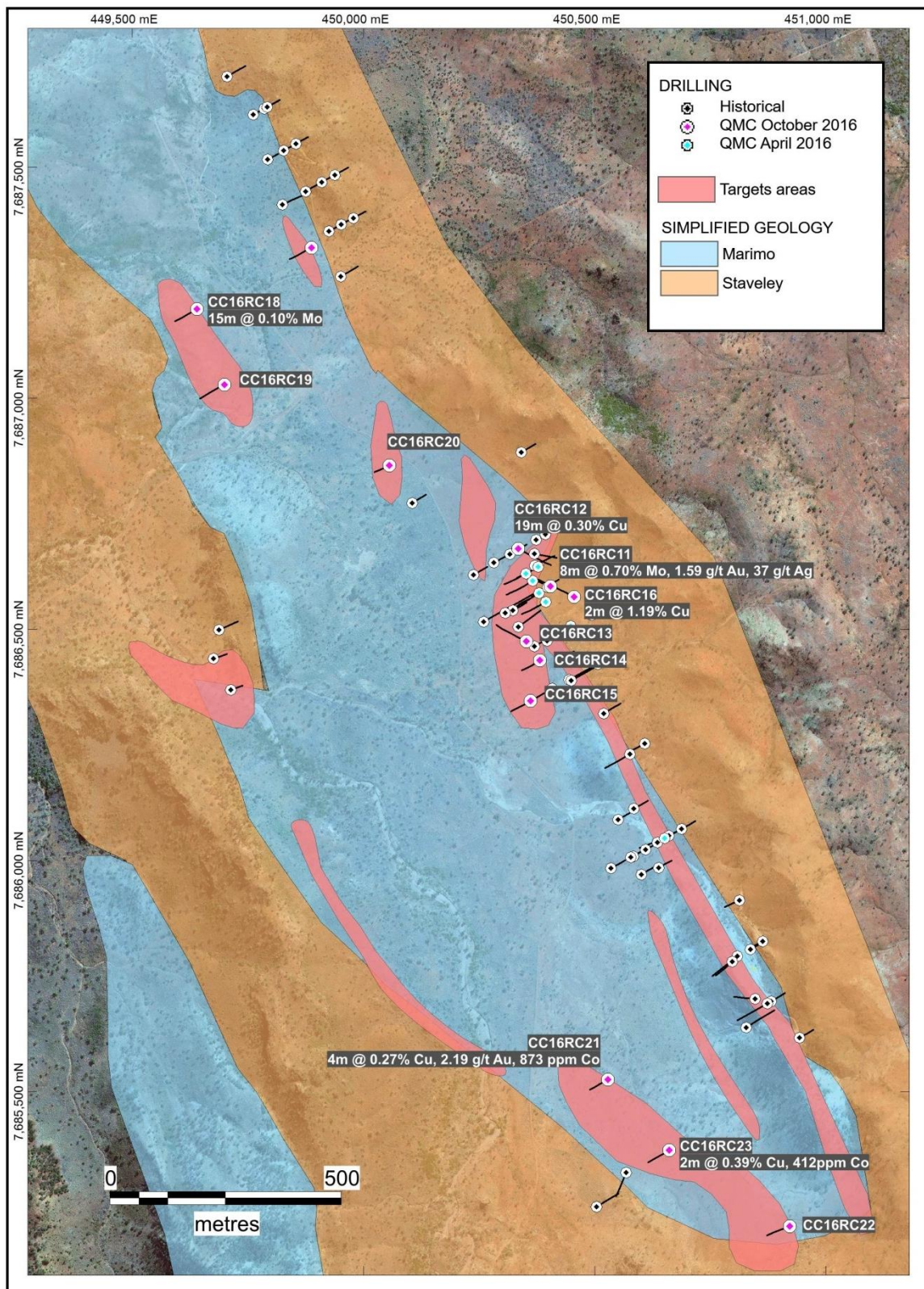


Figure 2: Location of Phase 2 RC holes in the Copper Canyon area



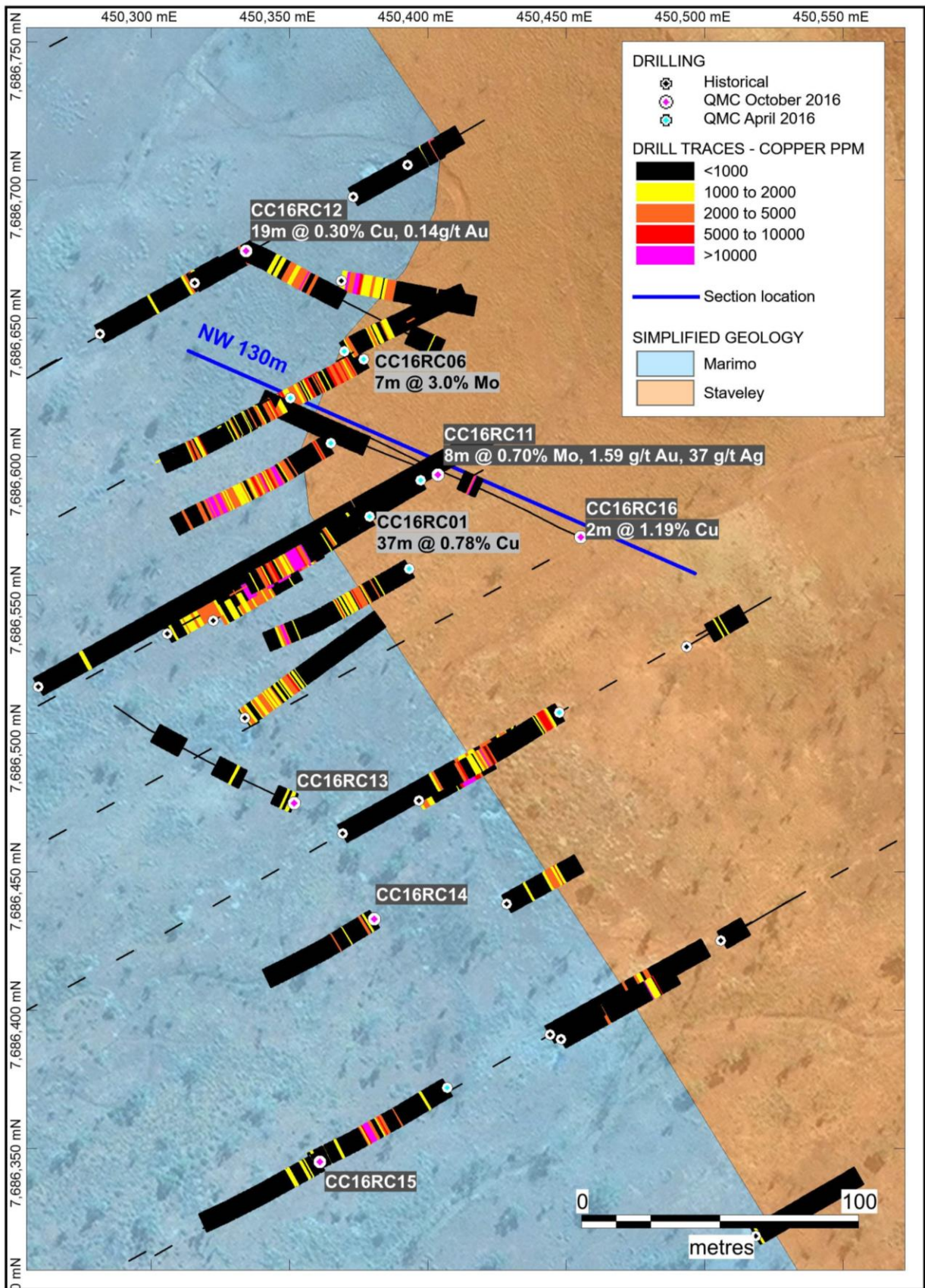


Figure 3: Drilling plan at Copper Canyon North main zone

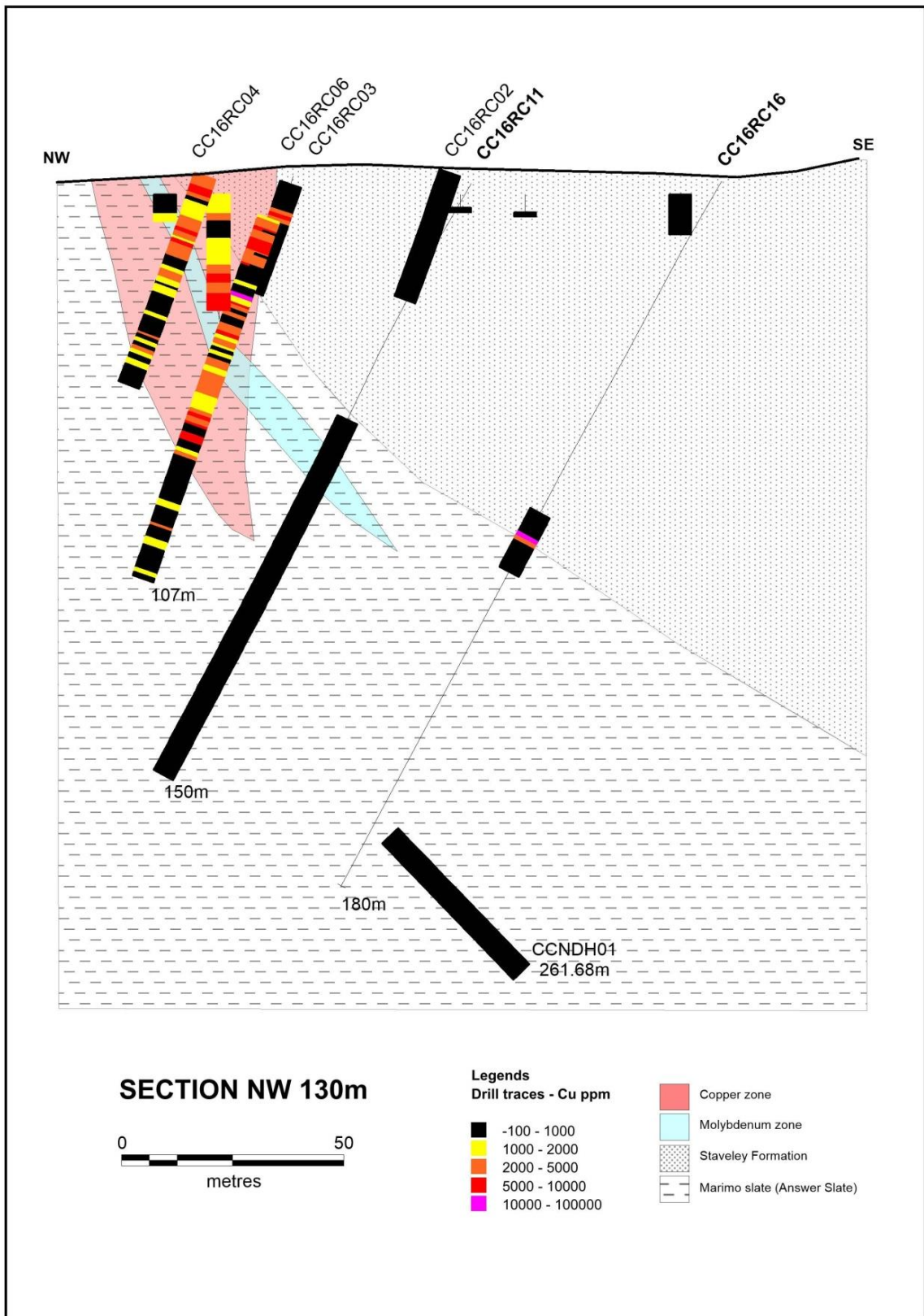


Figure 4: Cross section through CC16RC11, CC16RC16 and historical holes showing copper mineralisation (looking northeast)



significant associated gold and silver (8m @ 0.70% Mo, 1.59g/t Au, 37g/t Ag from 69m), however the copper assays were low. CC16RC16 was designed to test down-dip extensions of the molybdenum zone, but did not return any significant molybdenum assays. This hole did intersect 2m @ 1.19% Cu near the interpreted Marimo-Staveley contact.

CC16RC12 was drilled on a section 40m to the northeast of CC16RC11, although the hole had to be drilled from the opposite direction due to access reasons. This hole intersected the copper zone somewhat shallower than expected with 19m @ 0.30% Cu and 0.14g/t Au from 28m in Hole CC16RC12. This suggests that the zone dips towards the west in this area, implying complex structural geology that is not yet fully understood.

CC16RC13 was located further to the southwest, with the aim of testing possible extensions based on anomalies in historical RAB drilling. This hole did not return any significant assays. Holes CC16RC14, 15 and 20 were also designed to test elevated copper in historical RAB drilling. No significant assays were returned.

CC16RC17 targeted a molybdenum anomaly in the recent bedrock geochemical program. This hole returned 4m @ 0.70% Cu and 0.45g/t Au from 83m, but only low molybdenum assays.

CC16RC18 and 19 targeted anomalous molybdenum in both the bedrock geochemical and termite sampling program. CC16RC18 intersected 15m @ 0.10% Mo from 28m in silicified and variably pyritic shale. There has been no previous drilling into this outcrop, which extends for a strike length of approximately 280m, and there is therefore potential for additional mineralisation along strike. CC16RC19 was located 180m to the south and targeted the bedrock geochemical molybdenum anomaly, but returned no significant results.

CC16RC21, 22, and 23 targeted the southern copper anomaly from the bedrock geochemical drilling. CC16RC21 intersected 4m @ 0.27% Cu, 2.19g/t Au, and 873ppm Co from 61m. CC16RC22 and 23 intersected low grade anomalous copper (1000 to 2000ppm) that sufficiently explains the bedrock geochemical anomaly. Significant drill intercepts are summarised in Table 2.

Table 2: Selected drill results from the phase 2 RC program at Copper Canyon (using a 0.2% Cu cut-off grade and 2m internal dilution; 0.05% Mo cut-off)

Hole ID	From	To	Interval (m)	Cu (%)	Co (ppm)	Au (g/t)	Ag (g/t)	Mo (%)
CC16RC11	69	77	8		272	1.59	37	0.70
<i>including</i>	72	74	2		323	4.57	90	2.16
CC16RC12	28	47	19	0.30	246	0.14		
CC16RC16	91	93	2	1.19	134			
CC16RC17	83	87	4	0.70		0.45		
CC16RC18	48	63	15		259	0.06		0.10
CC16RC21	61	65	4	0.27	873	2.19		
CC16RC23	39	41	2	0.39	412			

The second round of RC drilling at Copper Canyon North did not return the same quality of intersections as the first round. However, it has significantly increased our knowledge of the prospect. It has also indicated that the structural geology is quite complex and the controls



on mineralisation are still poorly understood, leaving some scope for re-interpretation. Furthermore, the molybdenum intersected in hole CC16RC18 is a new zone that is still open along strike and down dip and additional drilling is warranted to outline this new mineralised zone in the coming year. The Company's technical team will review the drill results during the west season and the outcome will assist in planning follow-up programs to realise the full potential of the Copper Canyon prospect in 2017.

## **Corporate Activities**

### **1. White Range project earn-in option and joint venture agreement**

The Company continued the dialog with several parties for potential cooperation in joint development of the White Range Project and exploration of the Company's highly prospective tenement holdings in Cloncurry. To this end, the Company has entered into an earn-in option and joint venture ("JV") agreement with Teck Australia Pty Ltd ( "Teck" ) on 20 December 2016 to explore the potential for base metal deposits hosted in four exploration permits (EPM14148, EPM15897, EPM25849 and most part of EPM15740) within the White Range copper project. Under the agreement, Teck has been granted an option to earn a 70% interest in the project tenements by incurring an aggregate expenditure of \$3,800,000 within 4 years, including a minimum spend of \$500,000 in the first 18 months, , upon certain conditions being satisfied on or before 31 March 2017.

Please note this agreement does not include any mining leases (i.e. ML90134, ML2519, ML90081 and 90082) or MDLs (MDL204 and MDL205) which contain the existing JORC resources for the White Range project. For the avoidance of doubt, it is reiterated that all the existing JORC resources for the White Range project are not within the scope of the Option and JV Agreement. Therefore, we strongly believe that any successful exploration outcome arising from this agreement would be an additional advantage to the Company's future growth.

### **2. Variation of the Young Australian Agreement and the sale of ML90083 – Stuart**

QMC has successfully extended the Young Australian JV agreement with Chinova Resources for another 3 years after it expires in June this year. The Young Australian deposit forms part of the Company's White Range project, consists of four mining leases (ML7511, ML7512, ML90084 and ML90099) 100% owned by the Company, and six sub-blocks within EPM18912 which are owned by Chinova Resources. The deed of variation we signed with Chinova on 28 December 2016 will allow the Company to fully explore the potential of the 6 sub-blocks surrounding our mining leases until June 2020.

In addition, as part of the Company's strategy to divest non-core mining assets and focus on the flagship White Range Project, QMC and its wholly owned subsidiary Maxiforde Pty Ltd (Maxiforde) have entered into a Sale and Purchase Deed with Chinova on the same day. Subject to the terms of the Deed, Maxiforde agrees to sell and Chinova agrees to purchase the ML90083 - Stuart and the call option agreement entered between the parties on 6 June 2012 will be terminated. Chinova will pay Maxiforde \$450,000 on the settlement date and Maxiforde is entitled to royalty payments from Chinova based on \$0.65 per tonne of ore

treated, capped to \$1.4 million. The transaction will provide QMC extra funding to develop its White Range project.

### **3. Mr Howard Renshaw bankruptcy case update**

The appeal lodged by Mr Renshaw on his bankruptcy order was heard by The Federal Court of Australia on 28 November 2016 and the Court made the following orders on 9 December 2016:

- a. The appeal be dismissed.
- b. The Appellant (Mr Renshaw) pay the respondent's (QMC) costs.

**For further details please contact:**

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CEO  
Tel: 02 8964 6411  
Email: [Admin@qmcl.com.au](mailto: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.*

## 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

**Name of entity**

Queensland Mining Corporation Limited
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**ABN**

61109962469
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**Quarter ended ("current quarter")**

31 December 2016
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(420)	(1,100)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(212)	(350)
1.3 Dividends received (see note 3)		
1.4 Interest received	39	42
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	80	100
-GST Refund	20	45
-Payroll & PAYG Tax paid	(29)	(59)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(522)</b>	<b>(1,322)</b>

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



Consolidated 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)		
<b>2.6 Net cash from / (used in) investing activities</b>		

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		4,709
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		(30)
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)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>0</b>	<b>4,679</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	4,842	963
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(522)	(1,322)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		
4.4 Net cash from / (used in) financing activities (item 3.10 above)		4,679
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of period</b>	<b>4,320</b>	<b>4,320</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	124	137
5.2 Call deposits	564	403
5.3 Bank overdrafts		-
5.4 Term Deposits	3,632	4,302
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,320</b>	<b>4,842</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

71

Payment to Lakshman Jayaweera

-Director fee

\$24

Payment to Eddy Wu

- Director fee

\$25

Payment to Jun Qiu

-Director fee

\$12

Payment to Joyce Wang that Joyce Wang is an alternate Director

-Accounting and taxation services

\$10

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 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 transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

10

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	400
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	200
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>600</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EPM26131, QLD	EPM	0%	100%



**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.



Sign here: .....  
Company secretary

Date: 25 January 2017

Print name: Pipvide Tang

**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.

**Appendix 1 QMC Tenement Schedule as at 31 December 2016**

<b>Tenement Name</b>	<b>Tenement Number</b>	<b>Location</b>	<b>Interest at Beginning Quarter</b>	<b>Interest at End Quarter</b>	<b>Acquired during Quarter</b>	<b>Disposed during Quarter</b>	<b>JV Partner/Farm-in Party</b>
Notlor	EPM13091	NW QLD	Exclusive exploration right	Exclusive exploration right	--	-	Exco Resources
Cloncurry South	EPM 13336	NW QLD	100%	100%	-	-	
White Range #1	EPM 14148	NW QLD	100%	100%	-	-	
White Range #2	EPM 14163	NW QLD	100%	100%	-	-	
White Range #4	EPM 14475	NW QLD	100%	100%	-	-	
Tommy Creek	EPM 15706	NW QLD	100%	100%	-	-	
Duck Creek South	EPM 15718	NW QLD	100%	100%	-	-	
Kuridala South	EPM 15740	NW QLD	Exclusive exploration right	Exclusive exploration right	-	-	Exco Resources
Sunny Mount	EPM 15858	NW QLD	100%	100%	-	-	
Mt Norma	EPM 15879	NW QLD	100%	100%	-	-	
White Range Consolidated	EPM 15897	NW QLD	100%	100%	-	-	
Jessievale	EPM 16078	NW QLD	100%	100%	-	-	
Mt Brownie	EPM 16628	NW QLD	100%	100%	-	-	
Mt Sheaffer	EPM 16976	NW QLD	100%	100%	-	-	
Top Camp	EPM17602	NW QLD	85%	85%	-	-	Findex
Flamingo West	EPM 18106	NW QLD	100%	100%	-	-	
Elder Creek	EPM 18286	NW QLD	100%	100%	-	-	
Slaty Creek	EPM 18440	NW QLD	100%	100%	-	-	
Gold Reef Dam	EPM 18663	NW QLD	100%	100%	-	-	
Wedgetail	EPM18912	NW QLD	Exclusive exploration right for 6 sub-blocks	Exclusive exploration right for 6 sub-blocks	-	-	Ivanhoe Cloncurry Mines Pty Limited
Jackeys Creek	EPM25669	NW QLD	100%	100%	-	-	

Copper Canyon East	<b>EPM25849</b>	NW QLD	100%	100%	-	-	
Strathfield	<b>EPM26011</b>	NW QLD	100%	100%	-	-	
Florence Creek	<b>EPM26131</b>	NW QLD	0%	100%	100%		
COPPER CANYON	<b>MDL 204</b>	NW QLD	100%	100%	-	-	
GREENMOUNT	<b>MDL 205</b>	NW QLD	100%	100%	-	-	
MOUNT NORMA	<b>ML2506</b>	NW QLD	100%	100%	-	-	
SOUTHERN CROSS	<b>ML2510</b>	NW QLD	100%	100%	-	-	
ANSWER	<b>ML 2517</b>	NW QLD	100%	100%	-	-	
WINSTON CHURCHILL	<b>ML 2518</b>	NW QLD	100%	100%	-	-	
VULCAN	<b>ML 2519</b>	NW QLD	100%	100%	-	-	
SALLY	<b>ML 2535</b>	NW QLD	100%	100%	-	-	
DULCE	<b>ML 2537</b>	NW QLD	100%	100%	-	-	
BELFAST	<b>ML 2540</b>	NW QLD	100%	100%	-	-	
BELGIUM	<b>ML 2541</b>	NW QLD	100%	100%	-	-	
JACKLEY	<b>ML 2543</b>	NW QLD	100%	100%	-	-	
DULCE EXTENDED NO 2	<b>ML 2544</b>	NW QLD	100%	100%	-	-	
DANDY	<b>ML 2548</b>	NW QLD	100%	100%	-	-	
TRUMP	<b>ML 2549</b>	NW QLD	100%	100%	-	-	
MOUNT NORMA NO 2	<b>ML 2550</b>	NW QLD	100%	100%	-	-	
MOUNT NORMA NO 3	<b>ML 2551</b>	NW QLD	100%	100%	-	-	
GILDED ROSE	<b>ML 2709</b>	NW QLD	100%	100%	-	-	
BUTTON	<b>ML 2711</b>	NW QLD	100%	100%	-	-	
GILDED ROSE EXTENDED EAST	<b>ML 2713</b>	NW QLD	100%	100%	-	-	
GILDED ROSE EXTD WEST	<b>ML 2718</b>	NW QLD	100%	100%	-	-	
GILT EDGE EXTENDED EAST 1	<b>ML 2719</b>	NW QLD	100%	100%	-	-	
MT FREDA	<b>ML 2741</b>	NW QLD	100%	100%	-	-	
EVENING STAR	<b>ML 2742</b>	NW QLD	100%	100%	-	-	
EVENING STAR NORTH EXT	<b>ML 2750</b>	NW QLD	100%	100%	-	-	
MT FREDA EXTENDED	<b>ML 2752</b>	NW QLD	100%	100%	-	-	
EVENING STAR	<b>ML 2763</b>	NW QLD	100%	100%	-	-	



NORTH							
NEW DOLLAR	<b>ML 2777</b>	NW QLD	100%	100%	-	-	
HORSESHOE	<b>ML 2778</b>	NW QLD	100%	100%	-	-	
MOUNTAIN MAID	<b>ML 2779</b>	NW QLD	100%	100%	-	-	
TOP CAMP NO 5 (TWO MILE)	<b>ML 2788</b>	NW QLD	100%	100%	-	-	
LITTLE BEAUTY	<b>ML 7498</b>	NW QLD	100%	100%	-	-	
YOUNG AUSTRALIAN 2	<b>ML 7511</b>	NW QLD	100%	100%	-	-	
YOUNG AUSTRALIAN	<b>ML 7512</b>	NW QLD	100%	100%	-	-	
YOUNG AUSTRALIAN 2	<b>ML 90081</b>	NW QLD	100%	100%	-	-	
MT MCCABE	<b>ML 90082</b>	NW QLD	100%	100%	-	-	
STUART	<b>ML 90083</b>	NW QLD	100%	100%	-	-	
YOUNG AUSTRALIAN EXTENDED	<b>ML 90084</b>	NW QLD	100%	100%	-	-	
CHINAMEN	<b>ML 90088</b>	NW QLD	100%	100%	-	-	
AUSTRALIAN	<b>ML 90099</b>	NW QLD	100%	100%	-	-	
NEW SNOW BALL	<b>ML 90103</b>	NW QLD	100%	100%	-	-	
MOSSY'S DREAM	<b>ML 90104</b>	NW QLD	100%	100%	-	-	
GREENMOUNT	<b>ML 90134</b>	NW QLD	100%	100%	-	-	
EVA	<b>ML 90147</b>	NW QLD	100%	100%	-	-	
MOUNT TIMBEROO	<b>ML 90148</b>	NW QLD	100%	100%	-	-	
MT MCNAMARA	<b>ML 90149</b>	NW QLD	100%	100%	-	-	
PHIL'S FIND	<b>ML 90161</b>	NW QLD	100%	100%	-	-	
MT NORMA SURROUND 1	<b>ML 90172</b>	NW QLD	100%	100%	-	-	
MT NORMA SURROUND 2	<b>ML 90173</b>	NW QLD	100%	100%	-	-	
MT NORMA SURROUND 3	<b>ML 90174</b>	NW QLD	100%	100%	-	-	
MT NORMA SURROUND 4	<b>ML 90175</b>	NW QLD	100%	100%	-	-	
MT NORMA SURROUND 5	<b>ML 90176</b>	NW QLD	100%	100%	-	-	
MT DEBBIE	<b>MC 4348</b>	NW QLD	100%	100%	-	-	
MT DEBBIE 2	<b>MC 4349</b>	NW QLD	100%	100%	-	-	
MT DEBBIE NO 1	<b>MC 4350</b>	NW QLD	100%	100%	-	-	

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Section 1 – Sampling Techniques and Data

Criteria	Explanation
<i>Drilling Techniques</i>	<ul style="list-style-type: none"> <li>• Reverse circulation drilling using an RCD250 rig with 900/350 Compressor onboard</li> <li>• 13 holes were drilled, for a total of 1,446m.</li> </ul>
Sampling Techniques	<ul style="list-style-type: none"> <li>• All drill samples were collected at 1 metre intervals</li> <li>• Drill samples were riffle split using a riffle splitter mounted on the drill rig</li> <li>• Average sample weight is about 5kg</li> <li>• Samples were pulverised to produce 30g charge for four acid digest for multi-elements and fire assay for gold</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>• RC recovery is initially visually estimated based on the size of the green bags</li> <li>• Recovery was good, with relatively consistent sample size</li> </ul>
Logging	<ul style="list-style-type: none"> <li>• Drill chips were logged onto field sheets and later input into the computer connected with Company server in the site office.</li> <li>• Chips were sieved on regular 1m intervals and put into labelled chip trays</li> <li>• All chips were geologically logged</li> <li>• Chip trays are stored in the site office in Cloncurry</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Intervals for assay were selected based on a combination of the XRF results and geological logging. Samples were submitted as 1m intervals with no compositing.</li> <li>• Assays were conducted by ALS Global, Townsville laboratory, using standard procedures and standard laboratory checks.</li> <li>• All samples were analysed for a multi-element suite (ME-ICP61) including copper and cobalt. On return of copper or molybdenum values &gt;1% a second series of analyses were undertaken with parameters optimised for high concentrations (Cu-OG62, Mo-OG62). All samples were also analysed for gold (Au-AA25).</li> <li>• The four acid digest used in ME-ICP61 is considered to be a 'near-total' digest.</li> <li>• Sample preparation is consistent with industry standard practice</li> <li>• The sample sizes are appropriate for the material being sampled</li> </ul>

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"> <li>• Blind certified OREAS standards were inserted 1 in every 25 samples</li> <li>• Blanks and field duplicates were included at a ratio of 1:50</li> <li>• Field duplicates were obtained by splitting the calico where possible, or spear sampling the green plastic bag</li> <li>• OREAS standards were sourced from Ore Research &amp; Exploration Ltd</li> <li>• A total of 38 standards with various values, 19 duplicates and 19 blanks were used for the drill program</li> <li>• The Innov-X handheld XRF is also calibrated and tested against standards every morning.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• Significant mineralisation intersections will be verified by Chief Geologist</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>• Drill hole collars were picked up using DGPS with sub-metre resolution</li> <li>• Down hole surveys were taken every 30m using a digital survey camera</li> <li>• Co-ordinates are recorded in grid system MGA94, Zone 54</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>• Drill hole spacing to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) is unknown at this stage</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>• Drill holes were oriented approximately perpendicular to the strike of mapped mineralised zones, and the azimuth varied accordingly.</li> <li>• The dip was 55 to 50 degrees, while most structures in the area are interpreted as being sub-vertical.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>• Sample bags were packed in batches into polyweave bags and then wrapped onto pallets for transport</li> <li>• Samples were transported to the laboratory in Townsville by NQX</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>• Audit of sampling techniques and data will be performed</li> <li>• In-house review of QAQC for laboratory assays will be undertaken</li> </ul>

**Section 2 – Reporting of Exploration Results**

Criteria	Explanation
<i>Mineral Tenement and Land Tenure Status</i>	<ul style="list-style-type: none"> <li>• MDL 204 (Copper Canyon) is 100% owned by White Range Mines Pty Ltd, which is a subsidiary of QMC.</li> <li>• EPM 15740 is currently held by Exco Resources. QMC is operating under a Tenement Swap Deed and has exclusive exploration rights for majority sub-blocks. A new application covering QMC sub-blocks was made in October 2016. The new EPM will be transferred to QMC once granted.</li> </ul>
Exploration done by other parties	<p>Modern exploration has been conducted at Copper Canyon since the 1970s. Major programs are as follows:</p> <ul style="list-style-type: none"> <li>• Valiant Exploration, 1970s. Completed soil sampling, costeaning, ground magnetics, IP surveys, and drilling. Focus was on the Just Found and Duchenese Prospects, outside of the current drilling area.</li> <li>• Homestake&amp;Valdora, 1980s to 1990s. Mapping, stream sampling, rock chip sampling, RAB drilling, TEM geophysics, and percussion drilling. This included 37 percussion holes (total 2830m) at Copper Canyon. Holes mostly targeted gold mineralisation.</li> <li>• Majestic Resources, 1990s. Drilled two holes at the southern end of Copper Canyon. BHP also flew a regional GEOTEM survey during this period.</li> <li>• Matrix Metals, 2000s. Lag sampling, rock chip sampling, soil sampling. Drilled nine percussion holes in the broader Copper Canyon area. Also completed 21 holes at Dodgy Rock, south of the current drilling area.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>• MDL 204 contains rocks from the Answer Slate (previously Marimo Slate) and Staveley Formation. The Answer Slate is dominated by slate and shale, often black and carbonaceous. The Staveley formation consists of a mix of calcareous to ferruginous siltstone, sandstone, conglomerate, matrix-supported breccia, and dolomitic limestone.</li> <li>• Contacts between the Answer Slate and Staveley are interpreted to faulted.</li> <li>• Mineralisation at Copper Canyon occurs in fault zones at or near the contact between the Answer Slate and the Staveley formation. Cross faults might also play a role in controlling mineralisation.</li> </ul>

	<ul style="list-style-type: none"> <li>• Copper mineralisation is dominated by chalcocite, with lesser malachite occurring near the surface.</li> <li>• Supergene enrichment is interpreted to have played a significant role at Copper Canyon.</li> </ul>
Drill hole information	<ul style="list-style-type: none"> <li>• Full drill collar details, including coordinates, orientation, and final depth, are provided in Table 1 of the announcement</li> </ul>
Data aggregation method	<ul style="list-style-type: none"> <li>• No weighting, truncations, aggregates, or metal equivalents were used</li> <li>• Standard intersects were calculated using a 0.2% copper or 0.05% Mo cut-off. A maximum of consecutive 2m below the cutoff were allowed within each zone.</li> </ul>
Relationship between mineralisation widths and intersection lengths	<ul style="list-style-type: none"> <li>• The relationship between the mineralisation width and intersection lengths is not known at this early stage of exploration.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>• See Figure 2, 3 &amp; 4 of this report</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>• The accompanying document is considered to represent a balanced report</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>• Refer to body of report for additional geological observations</li> </ul>
Further work	<ul style="list-style-type: none"> <li>• Further work will initially consist of a review of the drilling data over the wet season</li> </ul>