

4 December 2014

CORPORATE STRATEGY

Dear Shareholders,

Recently, we have received a number of enquiries from our shareholders regarding the Company's business strategy. We highly appreciate your attention and believe that an update on the Company's strategy is deemed necessary to keep our shareholders informed.

Company objective

QMC is endeavoured to establish a profitable and sustainable mining operation with the potential of growing into one of the leading copper/gold producers in Australia.

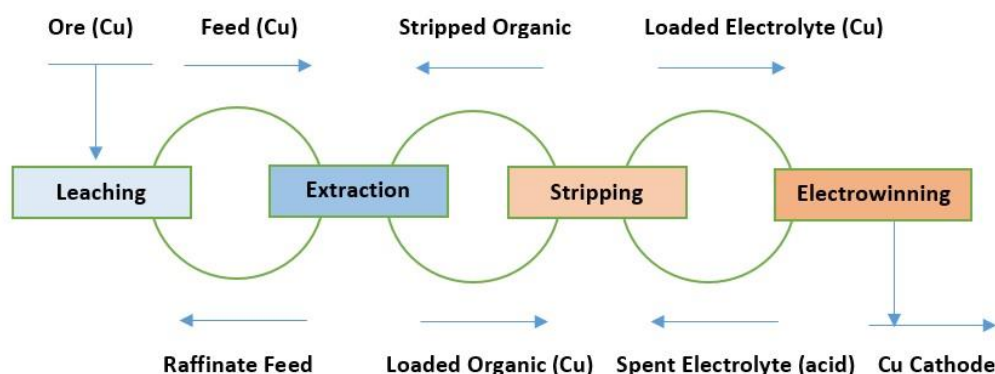
To achieve this goal, the Company has been focusing on two areas; to develop our existing copper resources in White Range Project to generate cash flow via copper metal production and to carry out further exploration to expand our oxide resources in White Range as well as discovering significant sulfide copper deposits across other tenement holdings.

White Range development strategy

The White Range Project is regarded as one of the most economically undeveloped copper projects in Australia. Comprising of 6 high grade and low stripping ratio copper deposits, White Range Project is located in a world-class mining region with well-established infrastructure. The generally oxidized nature of the ore means it is amenable to conventional heap-leaching operation, which requires comparatively smaller capital investment and incurs lower processing costs to produce copper cathode directly as a final product.

A feasibility study of White Range Project was completed by Matrix Metals in 2005. Over the last 9 years, a significant amount of extra resources have been added to the inventory which decreases the average capital cost by a considerable level. In the last 12 months, the Company has been working on improving the efficiency of the operation plan proposed in the 2005 study. The work mainly includes introducing bioleaching technology to improve the copper recovery from chalcocite ore, reduce the leaching time and reduce the acid consumption due to in situ acid generation. Additional metallurgical test work needs to be done to obtain new information which can help re-optimize the existing mining model in order to minimise the mining cost. All these efforts will add value to the project.

Based on our current mining plan, the project can produce 15,000 tons of copper metal per annum at comparatively low cost. That means, at today's copper price, White Range operation will possibly generate a revenue of around AU\$115 million per annum for 7 to 10 years. With more and more oxide resources being found, the life of mine could extend significantly beyond the current estimation.



Copper Heap Leaching Flow Chart

However, significant amount of capital investment will be required before the project can generate positive cash flow. Under the current market situation, instead of equity and debt finance, the board believes that a Joint Venture structure development would be the best option to the shareholders' interests.

In the last 12 months, the Company has approached numerous potential partners, including many reputable companies which have strong financial capability and operational experiences. White Range Project has successfully attracted a wide range of attention and in-depth discussions on cooperation are currently underway.

Exploration strategy

Apart from the development of White Range Project, the exploration potential of our tenements has never been fully realized. Holding over 1,400 square kilometres of exploration tenure, QMC is one of the largest tenement owners in the Cloncurry area.

The Company's exploration strategy comprises of two different directions:

1. Oxide Targets: to expand the existing oxide resource and improve the economics of White Range Project;
2. Sulfide Targets: explore large copper sulphide systems such as IOCG type or Mt Isa type deposits that might change the game of the Company.

Four target areas have been tested by drilling in the last 12 months at very low cost. Among those four areas, Kuridala South and Speculation were oxide targets while Blackfort and Greenmount diamond drilling were for deep sulfide systems. QMC successfully intersected mineralization in all these four targets. The 2014 drilling program has laid a solid foundation for future investigations in these areas.

For 2015, the Company has decided to put more weight on exploring sulfide targets. The philosophy behind this strategy is to utilize the limited exploration funding to maximize the potential return. In other words, we are to test the high risk/high impact targets with a prudent level of expenditure. A number of targets have been carefully selected under the guidance of this strategy. The Company is looking forward to delivering positive results to our shareholders.

In addition to the White Range area, QMC believe Duck Creek, Flamingo and Mt Norma project areas also own significant exploration benefits. A few qualified exploration partners have approached the Company and a JV agreement is currently under negotiation.

In summary, the Company has a clear strategy to move forward, i.e., advancing White Range Project to production (together with a JV partner) to generate cash flow, and in the meanwhile, search for additional resources to increase the resource base of White Range Project and potentially discover a large scale sulphide deposit that might change the business landscape of the Company.

The board would like to thank all the shareholders who have been continuously supporting the Company. With high quality mining assets in hands, supportive shareholders and a dedicated management team, I believe we are able to carry out the strategy successfully and deliver considerable returns to our shareholders in the foreseeable future.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Lakshman Jayaweera', with a long horizontal stroke extending to the right.

Lakshman Jayaweera
Chairman