



Queensland Mining Corporation Limited

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## ASX Market Announcement

16 August 2016

### Option Agreement to Spin Off QMC's Gold Assets – amended

The Board of Queensland Mining Corporation Ltd (ASX: QMN) is pleased to announce that as part of the company's strategy to capitalise on the currently recovering gold market, the company has entered into an option agreement with an Australian company, Ausmex Mining Pty Limited (Ausmex) with the view to develop our non-core gold assets into a production operation in the near future. Gilded Rose and Mt Freda and related non-core assets in the area are subject to this option agreement.

This option agreement allows Ausmex to partake in our non-core assets including Gilded Rose, Mt Freda and Evening Star under a staged program and joint venture (Ausmex 60% - QMC – 40%). Ausmex's program includes a stock exchange listing and capital raising to fund the development in gold production and further exploration activities.

Milestone payments to QMC during the staged program include:

- Payment of \$20,000 option fee for the first three month option period which can be extended for another three months by paying an additional \$80,000. The option period can be further extended for a final three month period by paying another \$50,000.
- Listed shares to QMC have a face value of \$1 million to exercise the option within the option period.
- \$1 million cash to QMC upon the production of 1,000 ounces of gold to reduce QMC to 20% of the joint venture.
- \$1 million cash to QMC upon the production of 5,000 ounces of gold with QMC having no further interest in the joint venture.

Subject to the agreement, Ausmex will fund 100% of the holding, development, production and exploration costs associated with the venture during the option period and the joint venture period.

Ausmex also has the option to purchase certain non-core exploration tenements from QMC for \$500,000 within the option period.

Gilded Rose and Mt Freda already have total resources of approximately 108,400 ounces of gold (refer to the table below) with further potential for expansion which we believe can be converted into a cash flow operation within a short period of time and with manageable capital expenditure.

Furthermore, Gilded Rose has a mothballed facility on site with plant and machinery which may be brought into operation subject to further feasibility study and modification.

This joint venture outcome will allow QMC to continue its prime focus on its core asset which is the White Range Copper Gold project with the view to realise its major value for the shareholders and at the same time to realise added returns to QMC.

The company is pleased to have Ausmex in this joint venture with QMC to achieve the above objectives.

Ausmex management includes founders of Allegiance Mining NL which discovered the Avebury Nickel Deposit in Tasmania before it was taken over for ~\$800 million.



Dr Lakshman Jayaweera  
Chairperson

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### Competent Person's Statement

The mineral resource estimates of Gilded Rose were released to ASX on 22 March 2011 and for Mt Freda on 8 March 2011. These information were prepared and first disclosed under the JORC Code 2004. They have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since they were last reported.

The following table shows the details of the resources estimates:

	Resources		Grade	Metal Contained
	Resource Category	Tonnes (Kt)	Gold (g/t)	Gold (oz)
<b>Gilded Rose</b>	Indicated	22.7	5.1	3,750
	Inferred	120.8	4.0	15,650
	<b>Total</b>	<b>143.5</b>	<b>4.6</b>	<b>19,400</b>
<b>Mt Freda</b>	Inferred	1,600.0	1.7	89,000
	<b>Total</b>	<b>1,600.0</b>	<b>1.7</b>	<b>89,000</b>
	<b>Grand Total</b>			<b>108,400</b>

The information in this announcement that relates to mineral resources 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. Dr Xu consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.