Queensland Mining Corporation
LIMITED
ABN 61 109 962 469

asx code QMN

ASX Release

27 September 2012

Desolation Copper Resource, 12,875 tonnes - White Range Project

- Maiden indicated and inferred JORC Resource Estimate 1.94Mt @ 0.66% Cu (12,875t), 0.05% Co (2.136m lb) and 0.2 g/t Au (12,353oz)
- Supports Greenmount and additional White Range Project deposits
- Deposit only drilled to 30m below surface and is open to the north and at depth
- Follow up RC and Diamond drilling planned

Resource Estimate

QMC has completed an initial resource estimate for its Desolation copper prospect within the Company's flagship White Range Project. The Desolation copper prospect is located approximately 38 km south-southwest of Cloncurry in northwest Queensland and falls within the south-eastern part of MDL 205. It is also only 700m to the east of the Vulcan mining lease (ML 2519) and about 3.5 km southeast of the Greenmount ore body (ML 90134), both of which form an important part of the JORC resources contained within the White Range Project (*Figure 1 regional location and Figure 2 White Range Project targets locations*).

A total indicated and inferred resource of ***1.94 million tonnes at 0.66% Cu*** has been delineated.

Table 1: Desolation JORC Mineral Resources September 2012 (0.2% Cu cut-off grade)

Category	Tonnes (Mt)	Cu (%)	Co (ppm)	Au (g/t)	Cu (t)	Co (t)	Au (oz)
Indicated	0.82	0.76	0.06	0.25	6,256	476	6573
Inferred	1.12	0.59	0.04	0.16	6,618	494	5780
Total	1.94	0.66	0.05	0.20	12,875	971	12,353

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"QMC is very excited with this initial JORC resources delineated at Desolation. Given its proximity to nearby ore bodies at Vulcan and Greenmount, the newly outlined resources at Desolation could expand the mine life of the proposed Greenmount operations" said Howard Renshaw, MD of QMC. "We feel that there is strong potential for increasing the size and tenor of the copper resources in the area with further exploration and drilling activity. The recent exploration success at Desolation gives me confidence that QMC can grow the resource base of White Range." he added.

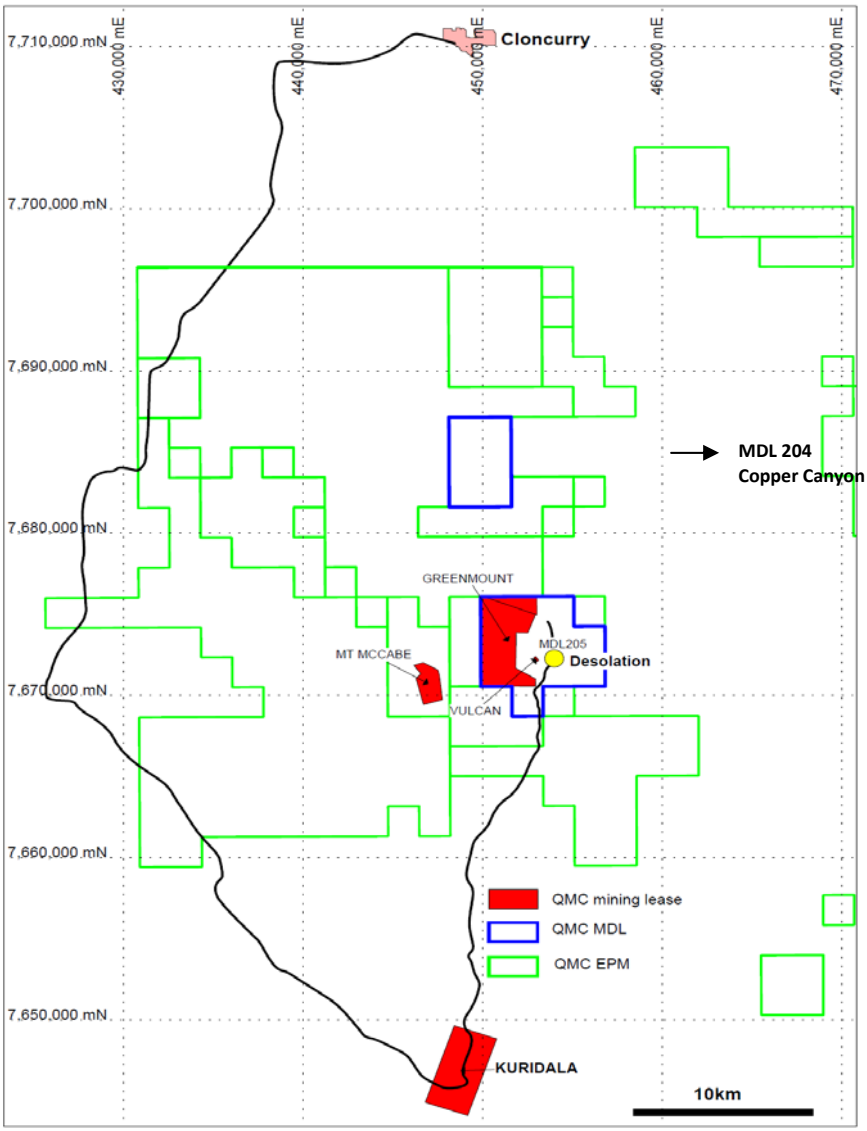

Figure 1 Regional location of the Desolation prospect – White Range Project

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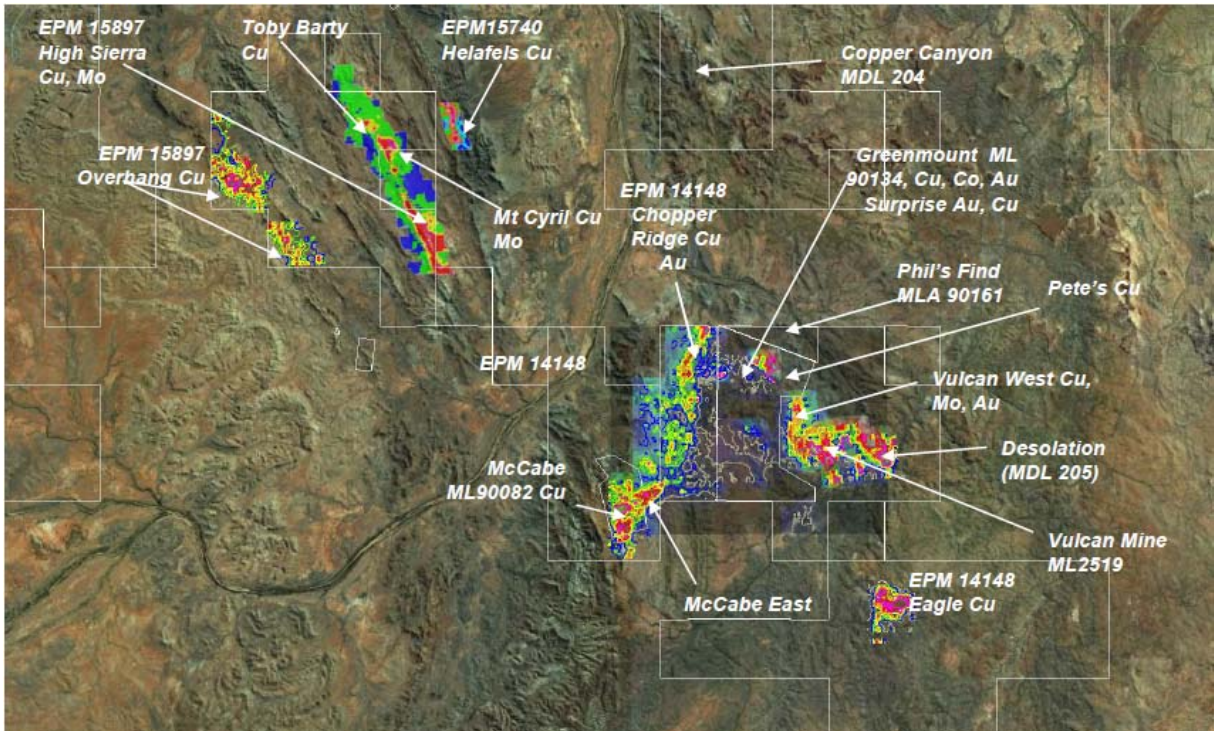

Figure 2 Location of White Range MLs and EPMs – targets being drilled and to be drilled

Future Program

QMC plans further drilling and project assessments with the aim of:

- Upgrading the resource category in the southern portion of the resource through in-fill drilling;
- More closely defining the extent of mineralisation in the Desolation area along strike to the north and down dip to the east through step-out drilling;
- Outlining additional resources in the western part of the Desolation deposit which was historically drilled with encouraging intersections;
- Diamond core drilling to collect samples for preliminary metallurgical tests;
- Start pit optimization study; and
- Develop a new geological model by incorporating recent drilling data which can guide future exploration in the area.

Geological Setting – Desolation

The Desolation deposit is hosted within the Middle Proterozoic graphitic and carbonaceous slate of the Marimo States unit which is overlain by the calc-silicates of the Corella Formation in the east and to the north (*see Figure 3)*. The contact between these two stratigraphic units was mapped and interpreted as a thrust fault by Homestake geologist in the 1990s. The local structure is also dominated by a north-south trending open anticline where the current resource area is situated on the eastern limb. Bedding in most outcrops dip shallowly towards east although variations to shallow and moderate south and north dips occurs locally along strike. Historical small scale mining has taken place from shallow shafts but production from the workings is unclear (see *Figure 4)*.

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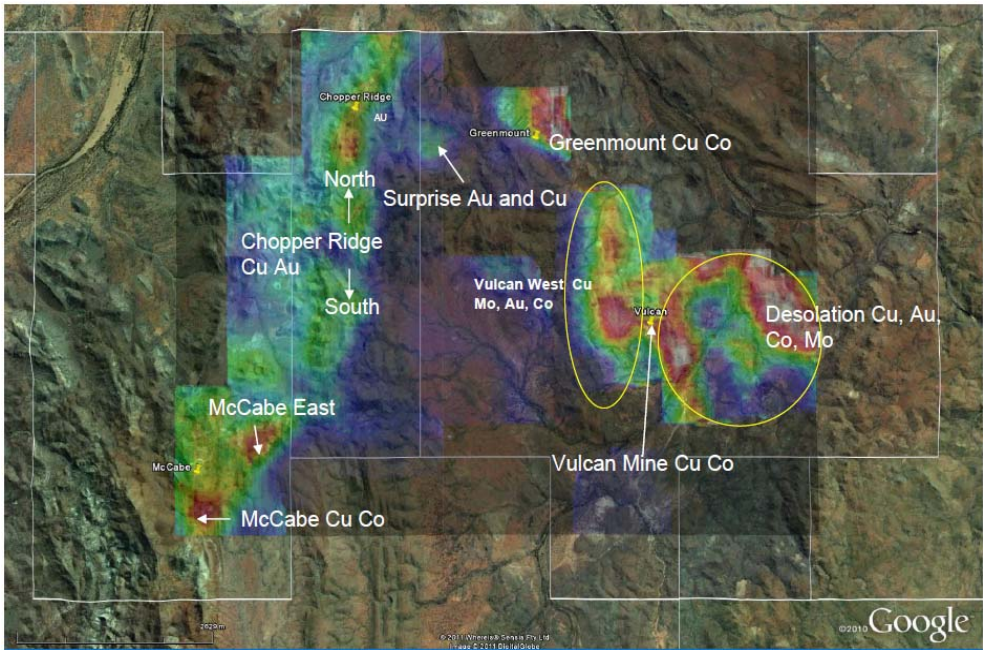

Figure 3 Soil geochemical anomalies over White Range Project area

Figure 4 Old workings located in the northern part of the Desolation prospect with malachite mineralization exposed at surface (looking north)

The copper mineralization at Desolation normally occurs as veins, stockworks and breccia of malachite, chrysocolla, chalcocite and iron oxides with varying degrees of silicification, chloritization and carbonation (*Figure 5 chalcocite stock works*). Ore bodies as defined by drilling extends roughly north-south and dip shallowly to east (*Figure 6 cross section*).

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Figure 5 Chalcocite and malachite stockworks exposed in a creek in central north of Desolation

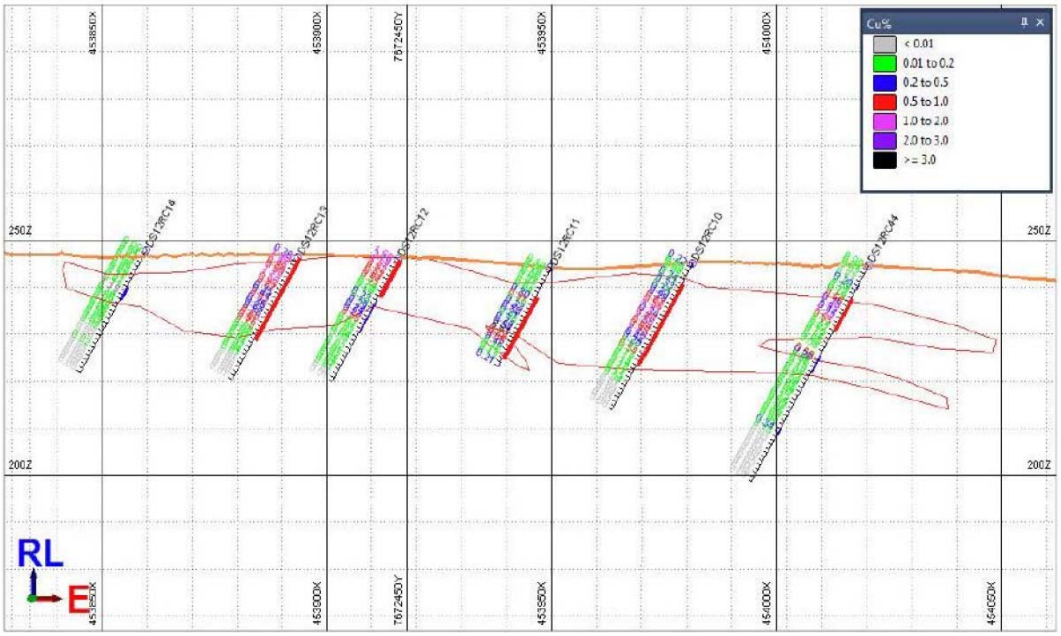

Figure 6 East-west cross section showing shallow east dipping ore body in the northern part of Desolation

The recent RC drill program undertaken by QMC in 2012 indicates the copper mineralization is controlled primarily by bedding parallel or sub-parallel slip fault or breccia zones which may join the regional NE trending Martin Creek fault to the east. The latter is likely a conduit and focus of fluid flux responsible for hydrothermal alteration and mineralization. Magnetite altered dolerite dykes were

also encountered during the drilling and their relationship with copper mineralization remains unsolved. Both NE and NW striking cross faults are also evident and their roles relating to mineralization requires further investigation.

Historic and QMC Drilling Program

The Desolation area has been explored intermittently by Homestake, Majestic Resources and Matrix Metals from the late 1980s and late 1990s in the form of geological mapping, soil geochemistry and RC drilling. A total of 21 historical holes were recovered from the Mines Department open file database with significant intersections including 11m@ 1.97% Cu from 1 m in Hole DRC04 and 40m @ 0.86% Cu from surface in Hole DRC09. However, none of the historical drill holes is incorporated into the current resource estimate due mainly to the lack of information on collar location, downhole survey and assay certificates.

QMC drilled 52 RC holes for a total of 1,838 metres in June 2012. Most of the holes are relatively shallow and limited to 30m in depth. Drillhole details are contained in Table 2 and their locations are presented in Figure 7. Assay results for the first 21 holes have been reported to the market in the quarterly report for the period to 30 June 2012 dated 31 July 2012. Significant intervals for the other 31 holes are summarized in Table 4. The drilling has intersected a broad zone of low to moderate grades of copper mineralization with gold and cobalt credits in most holes. Highlights from the program include:

- 20m@ 0.87% Cu, 0.23g/t Au and 561ppm Co from 14m in Hole DS12RC27, including 6m @ 2.12% Cu, 0.55g/t Au and 757ppm Co from 20m;

- 17m @ 1.31% Cu, 0.44g/t Au and 532ppm Co from 13m in Hole DS12RC44, including 7m@ 2.72% Cu, 0.94g/t Au and 711ppm Co from 15m;

- 19m@ 2.12% Cu, 0.91g/t Au and 849ppm Co from 6m in Hole DS12RC47, including 9m @ 4.07% Cu, 1.68g/t Au and 1202ppm Co from 9m;

- 13m @ 1.39% Cu, 0.6g/t Au and 564ppm Co from 12m in Hole DS12RC52, including 4m@ 3.5% Cu, 1.59g/t Au and 977ppm Co from 13m;

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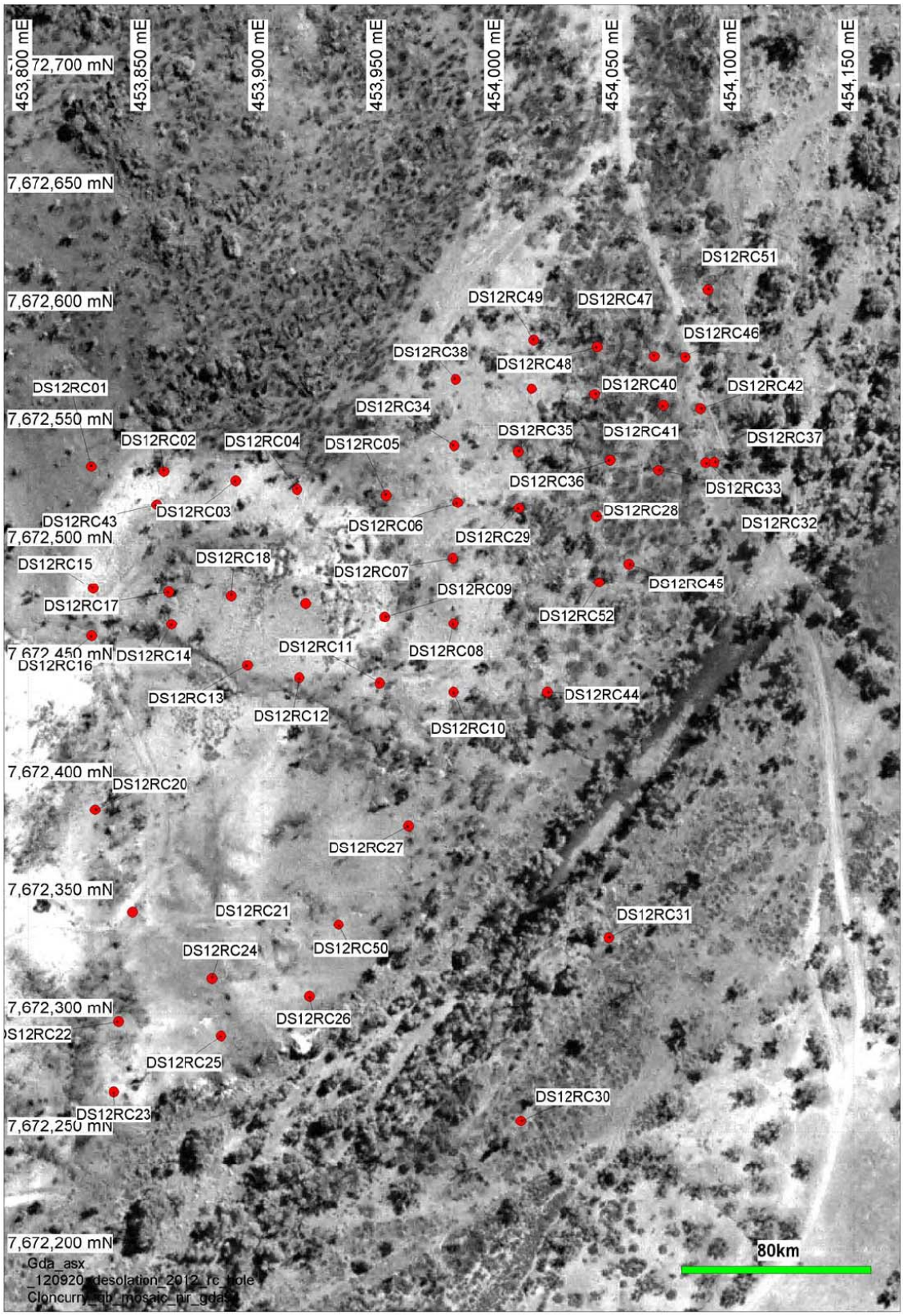

Figure 7 Drill hole location at Desolation prospect (satellite image with hole collars).

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Table 2: Desolation drill hole locations and details

Hole ID	Easting MGA94	Northing MGA94	RL	AZIMUTH Magnetic	Dip	Depth (m)
DS12RC01	453827	7672532	254	270	-60	30
DS12RC02	453858	7672530	253	270	-60	30
DS12RC03	453888	7672526	251	270	-60	30
DS12RC04	453914	7672523	250	270	-60	30
DS12RC05	453952	7672520	246	270	-60	30
DS12RC06	453982	7672517	246	270	-60	30
DS12RC07	453980	7672494	247	270	-60	36
DS12RC08	453981	7672466	247	270	-60	36
DS12RC09	453951	7672468	246	270	-60	30
DS12RC10	453981	7672437	247	270	-60	36
DS12RC11	453949	7672440	245	270	-60	24
DS12RC12	453915	7672443	247	270	-60	30
DS12RC13	453893	7672448	248	270	-60	30
DS12RC14	453861	7672465	248	270	-60	30
DS12RC15	453828	7672480	250	270	-60	30
DS12RC16	453827	7672460	248	270	-60	30
DS12RC17	453860	7672479	251	270	-60	30
DS12RC18	453886	7672477	251	270	-60	30
DS12RC19	453918	7672474	250	270	-60	30
DS12RC20	453829	7672387	252	270	-60	30
DS12RC21	453844	7672343	254	270	-60	30
DS12RC22	453839	7672297	250	270	-60	30
DS12RC23	453836	7672267	250	270	-60	30
DS12RC24	453878	7672315	252	270	-60	30
DS12RC25	453882	7672291	251	270	-60	30
DS12RC26	453920	7672308	250	270	-60	30
DS12RC27	453961	7672380	246	270	-60	42
DS12RC28	454041	7672511	245	270	-60	54
DS12RC29	454008	7672515	247	270	-60	48
DS12RC30	454009	7672255	252	270	-60	55
DS12RC31	454047	7672332	236	270	-60	42
DS12RC32	454088	7672534	243	270	-60	6
DS12RC33	454067	7672531	244	270	-60	30
DS12RC34	453981	7672541	247	270	-60	30
DS12RC35	454008	7672539	248	270	-60	36
DS12RC36	454047	7672535	244	n/a	-90	40
DS12RC37	454091	7672534	243	n/a	-90	48
DS12RC38	453982	7672569	249	270	-60	30
DS12RC39	454014	7672565	248	270	-60	36
DS12RC40	454040	7672563	248	270	-60	36
DS12RC41	454070	7672558	246	n/a	-90	48
DS12RC42	454085	7672557	246	n/a	-90	42
DS12RC43	453855	7672516	255	270	-60	30
DS12RC44	454020	7672437	247	270	-60	53

DS12RC45	454055	7672491	247	270	-60	52
DS12RC46	454079	7672579	246	n/a	-90	42
DS12RC47	454066	7672579	247	n/a	-90	36
DS12RC48	454041	7672583	248	n/a	-90	36
DS12RC49	454015	7672586	248	n/a	-90	36
DS12RC50	453932	7672338	252	270	-60	48
DS12RC51	454088	7672607	247	n/a	-90	36
DS12RC52	454042	7672483	246	n/a	-90	54

Table 3: Selected drill intervals from Desolation (using 0.2% Cu as cut-off grade)

Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)	Co (ppm)
DS12RC23	0	20	20	0.51	0.05	325
DS12RC26	0	19	19	0.24	0.2	109
DS12RC27	14	34	20	0.87	0.23	561
Inclu.	20	26	6	2.12	0.55	757
DS12RC28	9	32	23	0.75	0.13	1144
Inclu.	14	20	6	1.65	0.09	1741
DS12RC29	24	32	8	0.93	0.22	700
Inclu.	24	27	3	1.85	0.41	1017
DS12RC35	8	18	10	0.78	0.24	573
Inclu.	10	12	2	2.15	0.73	1002
DS12RC44	13	30	17	1.31	0.44	532
Inclu.	15	22	7	2.72	0.94	711
DS12RC42	6	22	16	0.7	0.14	995
DS12RC46	7	20	13	0.81	0.67	725
DS12RC47	6	25	19	2.12	0.91	849
Inclu.	9	18	9	4.07	1.68	1202
DS12RC50	11	30	19	0.99	0.3	523
Inclu.	13	18	5	1.72	0.22	382
	21	26	5	1.34	0.57	685
DS12RC52	12	25	13	1.39	0.6	564
Inclu.	13	17	4	3.50	1.59	977

Resource Estimation Methodologies

While the geological confidence is low to moderate and the Desolation deposit is generally low grade oxide copper mineralization outlined to a 30 metres depth below surface, the drill hole spacing of approximately 30m by 30m, the Ordinary Kriging estimation method combined with the search parameters used in the first pass (estimating approximately 40% of the domain blocks) are considered sufficient for an Indicated Resource.

The second and third passes have been categorised as Inferred Resources. The second pass estimated approximately 45% of the domain block with the third pass accounting for the remaining 5% of blocks. Tables 3 list the results of the combined Indicated + Inferred estimations respectively at a range of cut-offs.

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The estimate at 0.2% Cu cut-off grade is designed to provide a basis for determining open pit viability at a reasonably high throughput rate, which will be appropriate should Desolation be developed in conjunction with other nearby sources of mill feed.

Table 4: Desolation Mineral Resource tonnage-grade relationship

Global Resource Grade and Tonnage Tabulations		
Cutoff (Cu %)	Desolation Prospect	
	TONNES	Grade (Cu %)
0.0	2,000,000	0.65
0.1	2,000,000	0.65
0.2	1,940,000	0.66
0.3	1,550,000	0.77
0.4	1,270,000	0.86
0.5	1,020,000	0.96
0.6	820,000	1.06
0.7	650,000	1.17
0.8	510,000	1.28
0.9	420,000	1.38
1.0	350,000	1.47
1.1	270,000	1.59
1.2	230,000	1.68
1.3	180,000	1.79
1.4	140,000	1.90
1.5	120,000	1.97
1.6	90,000	2.11

A view of the resource model is shown in Figure 8.

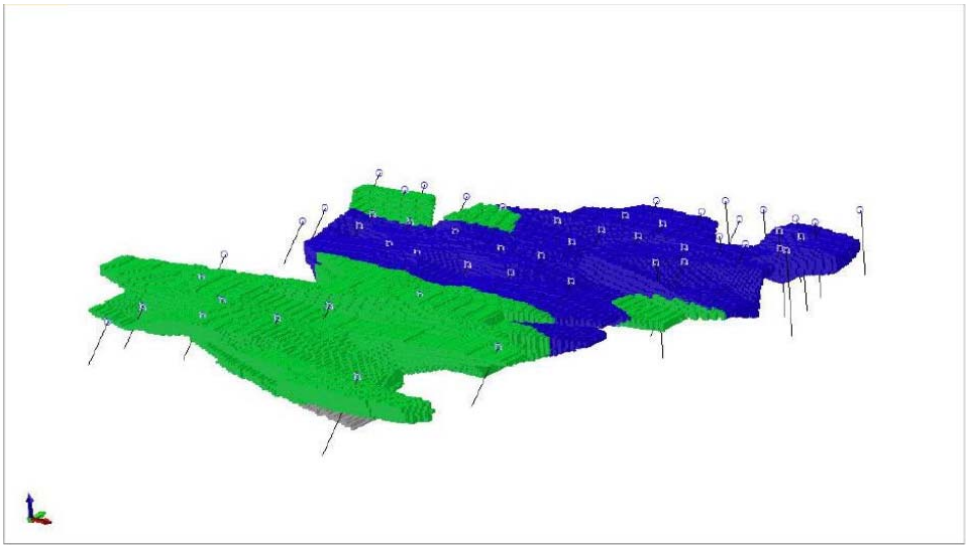

Figure 8 3D view on resource classification of the Desolation deposit with drill hole collars (blue-Indicated; green-Inferred).

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Information on Mineral Resource Estimation

QMC's drill hole collar locations were surveyed using a differential GPS at sub-metre accuracy. As most holes are relatively shallow so that downhole surveys have not been performed on any holes for QMC's 2012 drilling program.

Top cuts of 6% Cu, 0.45% Co and 3.5g/t Au were used to treat the high-grade outliers of copper, cobalt and gold based on a review of the domain histogram and log probability.

The mineral resource models were undertaken by block modelling within a wireframe snapped to the drill holes. The wireframe of mineralization was generated using a copper grade of =>0.2% Cu.

Ordinary Kriging was used to estimate 3D blocks for Cu, Co and Au variables. Quantitative Kriging neighbourhood Analysis was used to optimise parameters for the Kriging search strategies.

No Bulk Density data is available from Desolation so densities of 2.10 for oxide, 2.46 for transitional and 2.65 for fresh sulphide were referred to those determined for a similar type of deposit in Greenmount, which is about 3.5 km to the northeast.

For further details please contact:

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Competent Persons Statement

Information in this report relates to Exploration Results and Mineral Resource estimates based on information compiled by Dr Guojian Xu and Mr Doug Mclean. Dr Xu is a Member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Society of Economic Geologists. He is a consultant to Queensland Mining Corporation Limited through Redrock Exploration Services Pty Ltd. Mr Mclean is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee to Queensland Mining Corporation Limited. With respect to their respective contributions, these persons qualify as Competent Persons as defined in 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Xu and Mr Mclean consent to the inclusion in this report of the matters based on the respective information provided by each of them, in the form and context in which it appears.