



ASX Release

19 October 2012

Young Australian Copper Project - Resource Drilling has Commenced

Surface Geochemical Exploration – Two IOCG Targets identified with Encouraging Initial Indications

- *Initial program of 27 RC holes totalling 3,750m has commenced at QMC's Young Australian project, south of Cloncurry, N.W QLD*
- *Young Australian agreement with Ivanhoe unconditional – QMC has exclusive right to explore six sub-blocks of Ivanhoe's EPM 18912*
- *Surface geochemical surveys completed over the entire six sub-blocks (ca. 19km²) and a prominent 5km long geochemical trend established*
- *Two new IOCG targets at 'Dega' and 'Trinity' identified with the presence of anomalous copper in lag and soil, magnetic highs, potassic alteration and visible copper mineralization*
- *Young Australian project supports White Range deposits*

Queensland Mining Corporation Ltd (QMC: **ASX code: QMN**) has commenced a resource delineation RC drilling program at the Company's Young Australian copper project, located some 70km directly southwest of Cloncurry in northwest Queensland (Figure 1). The planned program will initially consist of 27 RC holes totalling 3,750m. The program has commenced as a result of the agreement with Ivanhoe granting QMC exclusive right for five years to explore six sub-blocks surrounding the Young Australian, becoming "unconditional" on 3 October 2012. This has given QMC the opportunity to access and expand the current mining leases and further enables the establishment of new mining leases within the area.

The Young Australian deposit (MLs 100% owned by QMC) did not form part of the original Matrix 2005 BFS as the mining leases were not part of Matrix's assets. This drilling program has been devised as an integral component of the current upgrade of the White Range Feasibility Study (WRFS) being undertaken by the Company. The Young Australian deposit may greatly enhance the economic viability of the WRFS.



Young Australian Tenements “Unconditional”

QMC previously announced a series of agreements with Ivanhoe (ASX release dated 7 June 2012), one of which granted QMC exclusive rights for a five year period to explore six sub-blocks of Ivanhoe’s EPM 18912 surrounding QMC’s four granted mining leases (Young Australian and East Drift leases) on the Young Australian deposit.

QMC also has an option to require Ivanhoe to apply for a mining lease over all or any part of these six sub-blocks if an economic ore body is defined.

All conditions precedent to the agreement have now been met or waived, and on 3 October 2012 the agreement became “unconditional”. This now allows QMC to explore the full potential of this important area for copper and other base and rare or precious metal mineralization.

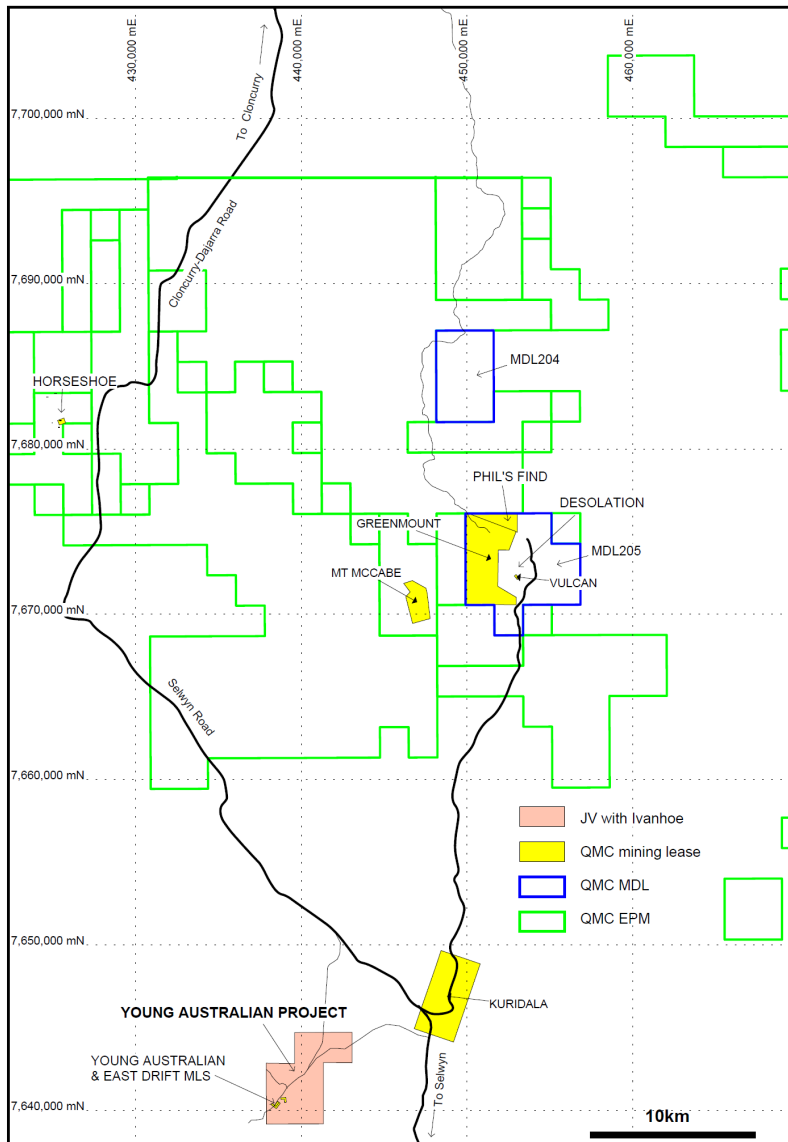


Figure 1: Regional location of QMC’s Young Australian project



Resource Delineation Drill Program Commences

A resource delineation program consisting initially of 27 RC holes for approximately 3,700m has commenced using a drilling contractor with extensive local experience. The overall purpose of the drill program is to expand the existing JORC resource of 2.13Mt @ 1.0% Cu estimated for both the Young Australian and East Drift leases in February 2011 (refer to the ASX release dated 3 February 2011).

QMC has previously undertaken two phases of RC drilling on the mining leases with best intersections from these drill programs including:

- 40m @ 2.31% Cu from 58m, including 8m @ 5.09% Cu and 8.85g/t Ag from 68m in hole YA101RC01
- 39m @ 1.41% Cu from 80m, including 10m @ 3.72% Cu and 7.90g/t Ag from 86m in hole YA_08_001_RC
- 51m @ 0.8% Cu and 1.48g/t Ag from 121m, including 14m @ 1.38% Cu and 1.76g/t Ag from 129m in Hole YA10RC23

The current drilling is focused primarily on testing the continuity of copper mineralization between the Young Australian and East Drift leases (Figure 2) and to evaluate lateral extension of the mineralisation to the west of the Young Australian pit, following up drill intercepts from the 2010 program.

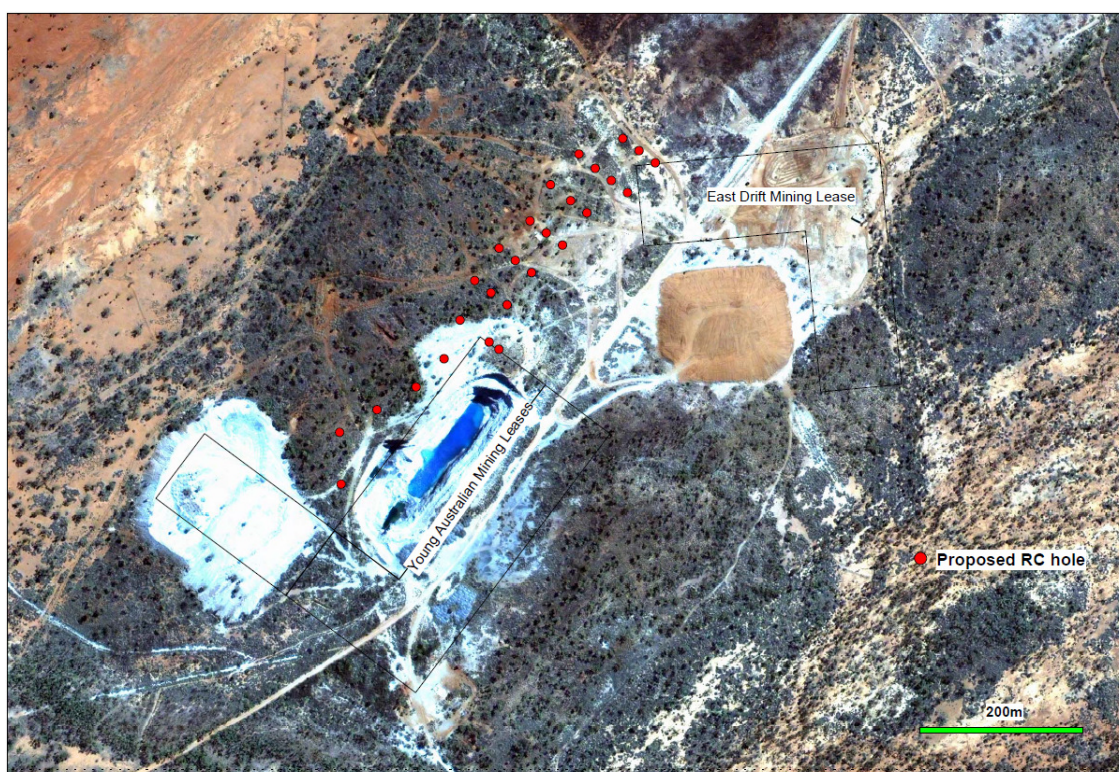


Figure 2: Phase 1 drillhole location



The 250m “gap” between the mining leases was not accessible to QMC when previous resource modelling was conducted (see ASX release dated 3 February 2011) as it fell within Ivanhoe’s EPM 9116 (now EPM 18912) (Figure 3). Finalization of the agreement with Ivanhoe offers QMC an immediate opportunity to drill out and re-assess the Young Australian deposit, which has a potential strike length of approximately 1,400m to the Hidden Treasure (see Figure 7).

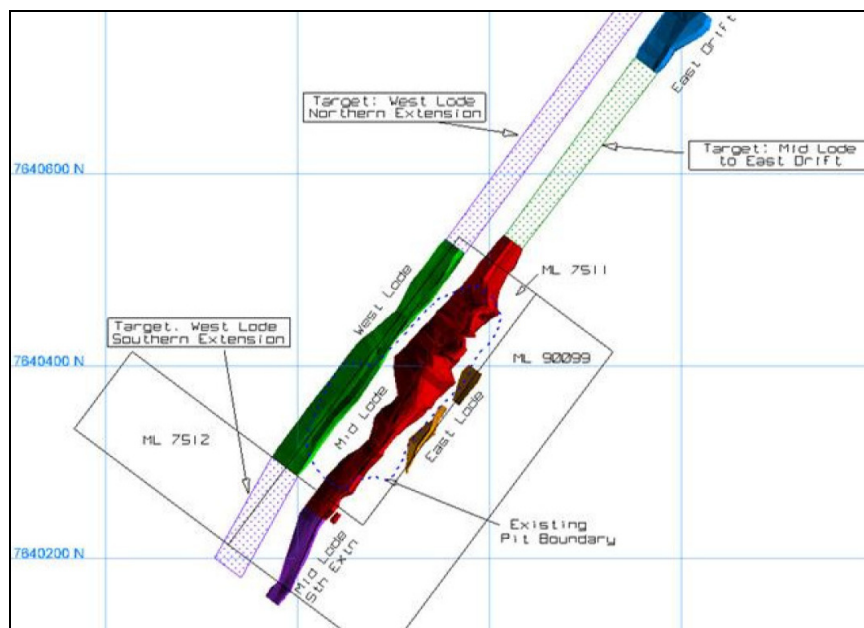


Figure 3: Young Australian resource area in February 2011

The “gap” is highly prospective for additional copper resources; one of QMC’s 2010 RC holes located at the southwest end of this gap returned:

1. 40m@ 2.31% Cu (Hole YA10RC01) - from 68m
2. 51m@ 0.8% Cu, including 14m@ 1.38% Cu (Hole YA10RC23) - from 129m

Mineralization remains open along strike and at depth (Figures 4 & 5 and Table 1).

Table 1: Young Australian Mineral Resources as at 31 Jan 2011 (0.2% Cu cut-off grade)

Prospect	Tonnes (Mt)	Cu (%)	Co (ppm)	Ag (g/t)	Cu (kt)	Co (t)	Ag (koz)
YA Leases							
Indicated	1.107	1.14	120	2.4	12.6	133	85
Inferred	0.412	0.9	79	0.9	3.7	33	12
Ind & Inf	1.519	1.1	109	2.0	16.3	165	97
Eastdrift							
Inferred	0.610	0.8	-	-	4.9	-	-
Total							
Indicated	1.107	1.14	120	2.4	12.6	133	85
Inferred	1.022	0.8	32	0.4	8.6	33	12
Ind & Inf	2.129	1.0	78	1.4	21.2	165	97

Note: Figures are rounded, and do not include JORC extensions beyond QMC’s lease boundaries.

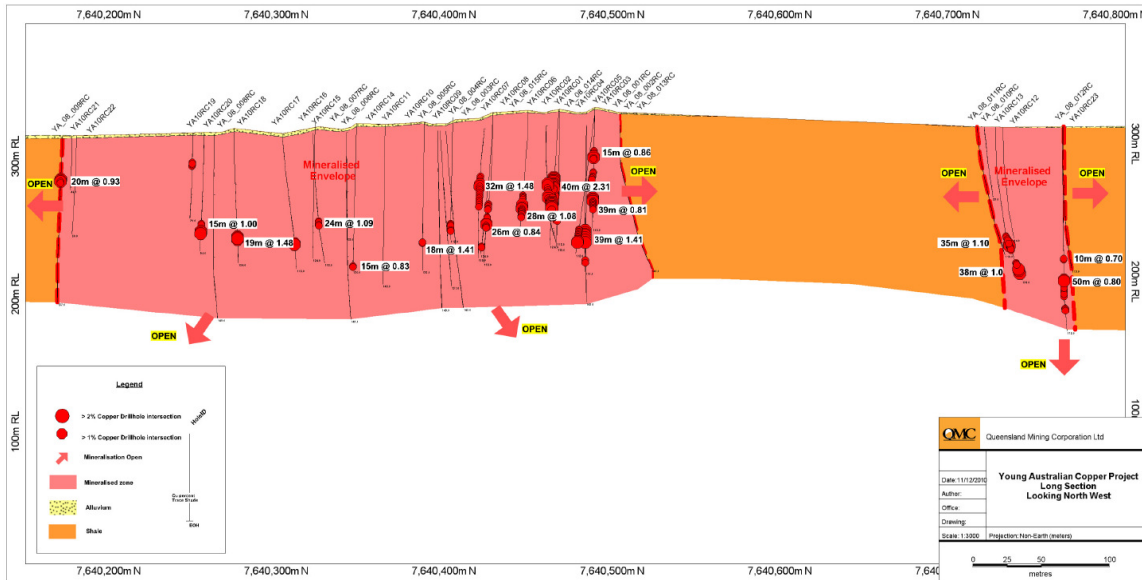


Figure 4: Long section showing QMC 2008 and 2010 drillholes and the gap between the mining leases

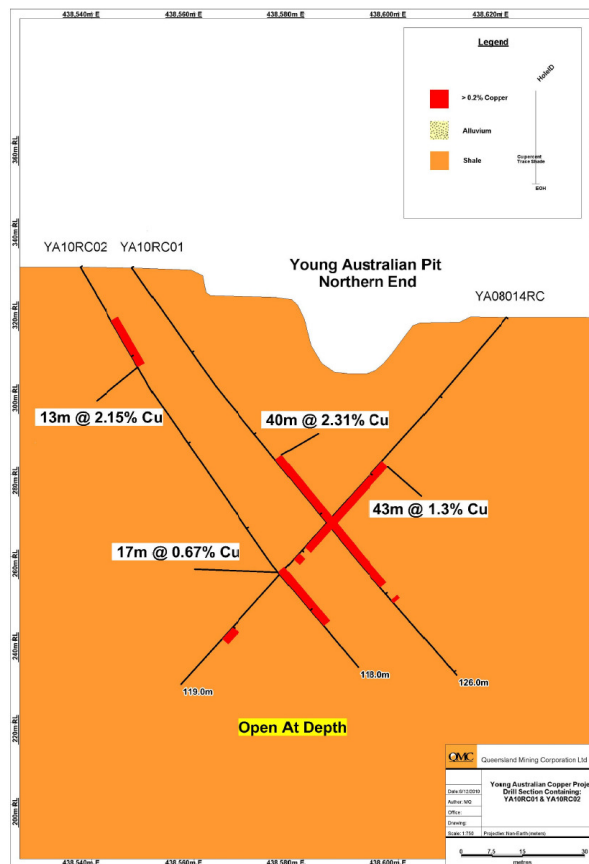


Figure 5: Drill section through the northeast end of the Young Australian pit

Note: 2008 drilling is from east to west due to access
2010 drill hole is from west to east



Geochemical Exploration Identifies new “ICOG” Targets -‘Dega’ and ‘Trinity’

The local geology at Young Australian is dominated by a NE-SE trending tight anticline comprised mainly of the Answer Slate unit of graphitic shales and phyllite flanked with Winberu Granite in the northwest and Stavely Formation sandstone and siltstone rocks in the southeast. Copper mineralization at the Young Australian occurs as sub-vertical lenses or tabular bodies along NE-SW shear zones developed within the Answer Slate. Copper minerals are mainly chalcocite, malachite, cuprite associated with silicification and sericitization.

Lag Sampling

A total of 174 lag samples have recently been collected by QMC over the entire six sub-block area of EPM 18912 on an offset grid of 500m by 250m. The results highlight two new copper anomalies outside of the previously drilled Young Australian area, designated ‘Dega’ and ‘Trinity’ prospects (Figure 6).

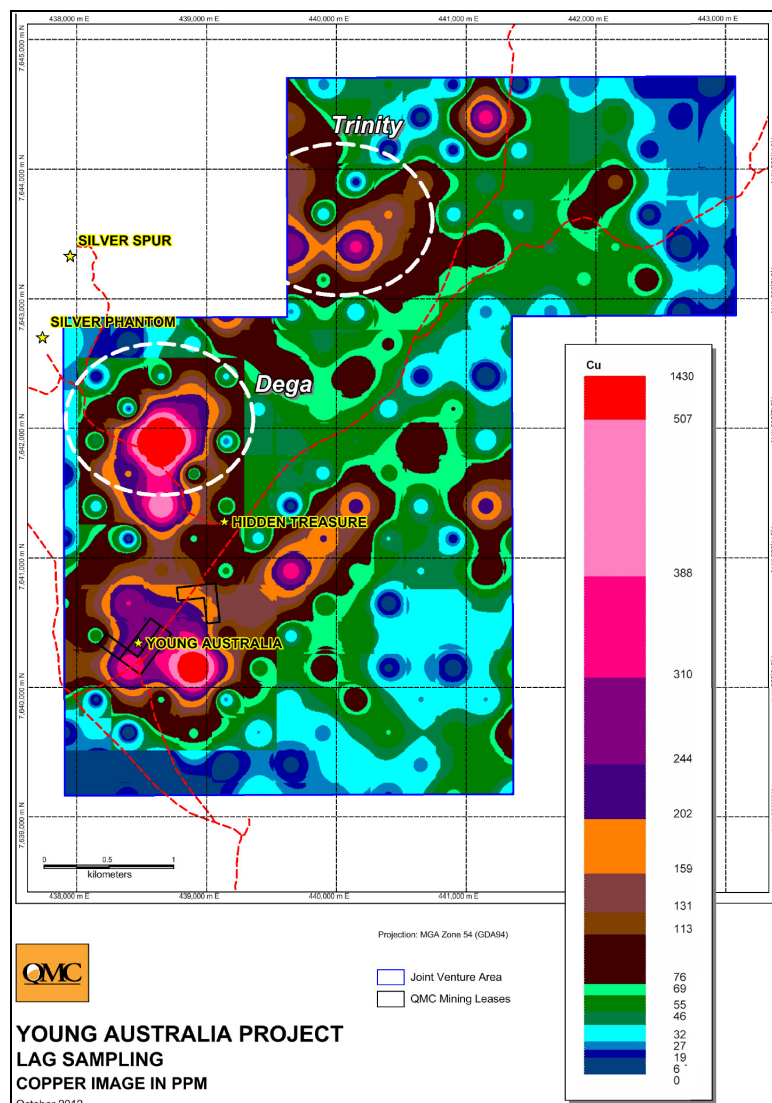


Figure 6: Copper in lag image



Soil Sampling

As follow up to the lag sampling, a total of 1,299 soil samples were collected on a 200m x 50m grid to provide geochemical coverage over the area of approximately 2km x 6km along a NE-SW structural trend in the tenement.

The results confirm that the Young Australian surface anomaly extends NE 700m to the Hidden Treasure workings and further refine the Dega and Trinity anomalies reported from the lag sampling (Figure 7). Both copper anomalies coincide with magnetic highs (Figure 8).

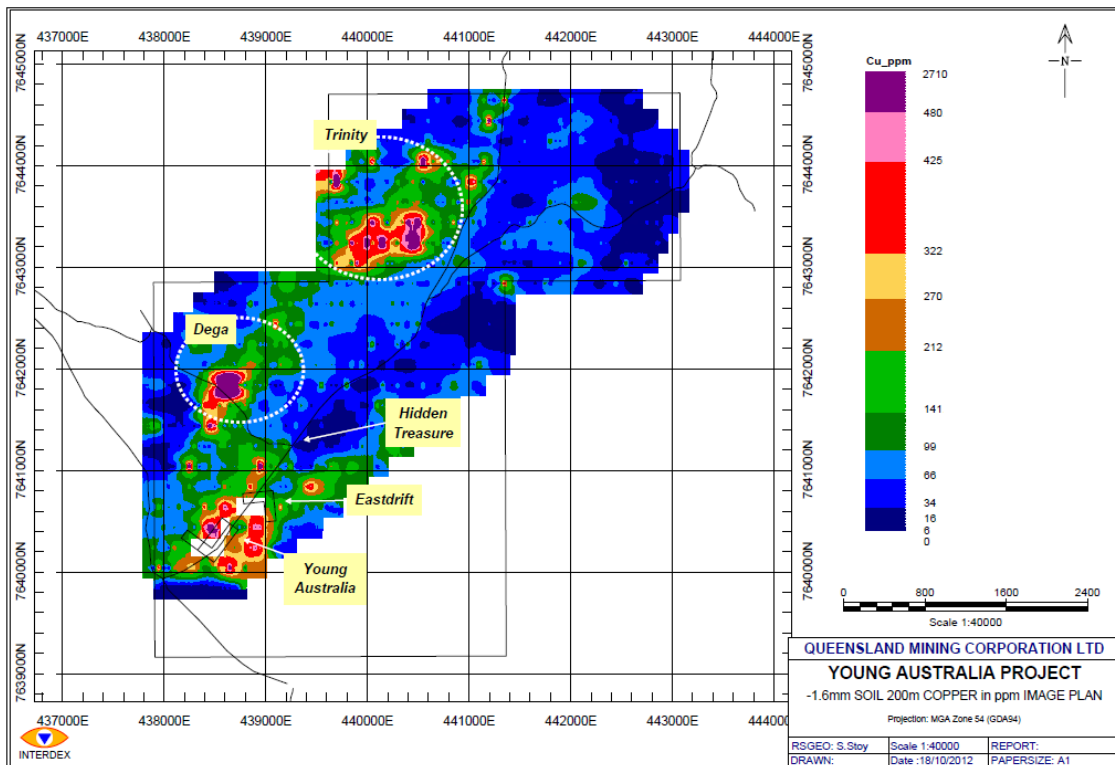
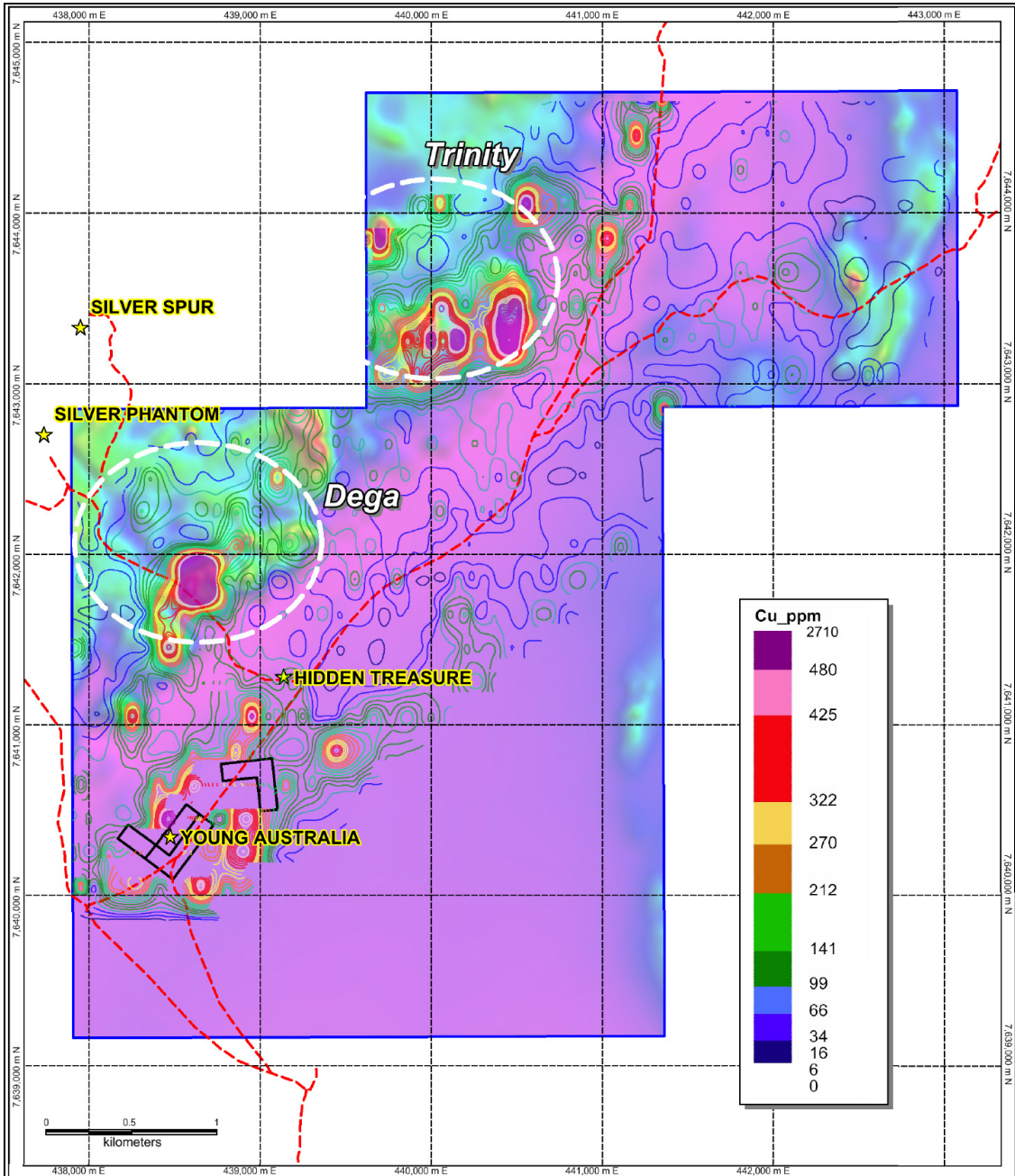


Figure 7: Copper in soil image



Projection: MGA Zone 54 (GDA94)

- Joint Venture Area
- QMC Mining Leases

YOUNG AUSTRALIA PROJECT
SOIL SAMPLING PHASES 1-3
COPPER CONTOURS IN PPM
BACKGROUND TMIRTP IMAGE

October 2012

Figure 8: Copper in soil contours over the total magnetic intensity (TMIRTP) image



The apparent termination of the Young Australian copper anomaly at Hidden Treasure is considered to be a result of a silica cap overlying the carbonaceous shales. However, zinc (Zn) soil data demonstrate a prominent 5 km long and 200m wide NE-SW anomalous corridor (using 200ppm Zn contour), with the strongest anomaly present at the hinge of the Young Australian anticline in the northeast corner of the six sub-blocks (Figure 9). Subject to further evaluation, Zn may prove to be a useful pathfinder for black shale hosted copper mineralization at the Young Australian.

The Dega soil anomaly is 700m x 400m whilst the Trinity anomaly extends up to 1,000m x 400m both using a 200ppm Cu contour. Field mapping has identified extensive magnetite and hematite altered sandstone and doleritic rocks plus visible copper mineralization associated with K-feldspar and biotite alteration.

The newly defined IOCG targets at Trinity and Dega are currently being followed up by infill soil sampling (100m x 25m) and detailed geological mapping.

The northeast geochemical trend between **Hidden Treasure** and **Sigma** (Figure 9) will be further investigated through geological mapping and rock chip sampling. Priority targets from these follow-up work programs will be drill tested by a subsequent phase of drilling campaign.

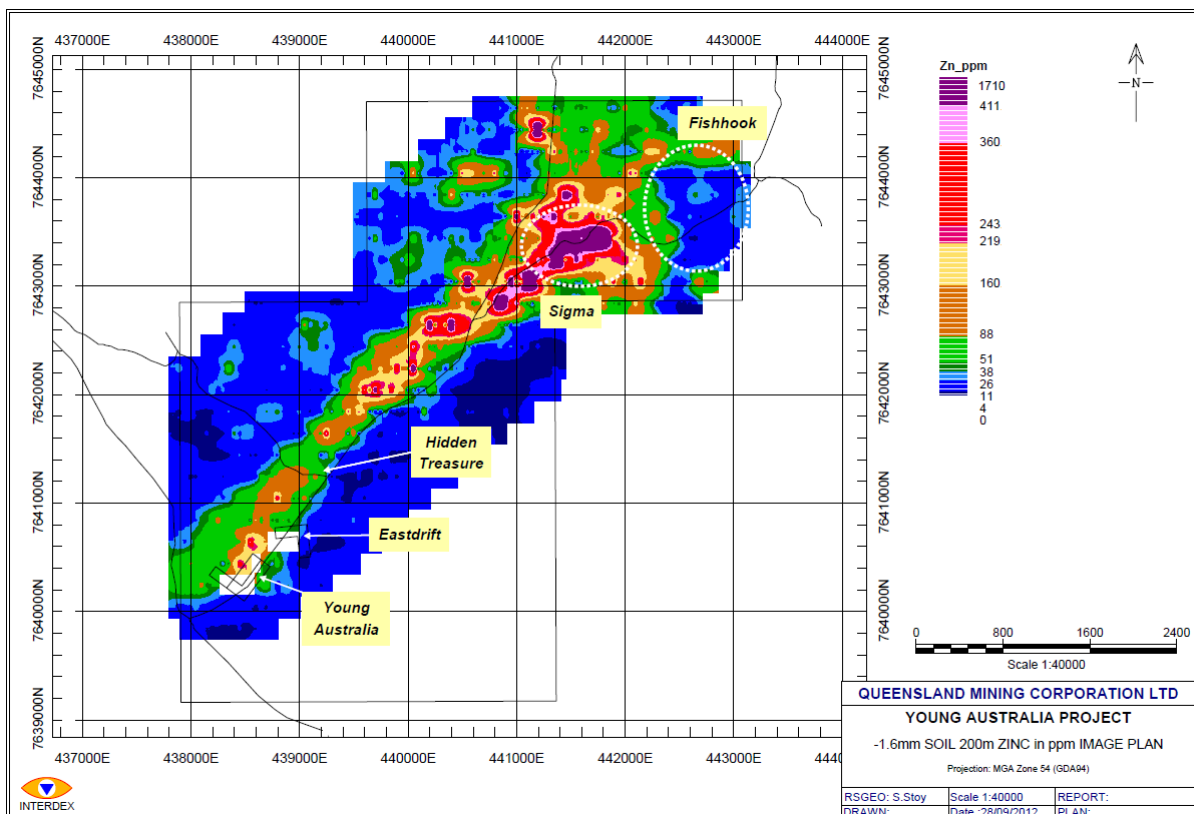


Figure 9: Zinc in soil image

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Mr Howard Renshaw, Managing Director of QMC said “The Company is very excited about the commencement of drilling at Young Australian and I look forward with confidence in reporting the drill results to shareholders. This is the accumulation of nearly two years in discussion and negotiations with Ivanhoe to obtain access to the EPM surrounding our known JORC resources at Young Australian. I remain optimistic that the outcome will be an increased JORC resource at the Young Australian project which will be very beneficial to the Company.”

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Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Guojian Xu and Mr James McIlwraith. Dr Xu is a Member of 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. Dr Xu has sufficient experience deemed relevant to the style of mineralization and type of deposit under consideration and to the activity. Mr McIlwraith is a Member of the Australasian Institute of Mining and Metallurgy and is a consultant to Queensland Mining Corporation Limited through JM Geological Consulting Pty Ltd. With respect to their respective contributions, these persons qualify as Competent Person as defined in 2004 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Dr Xu and Mr McIlwraith 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.