



Queensland Mining Corporation Limited

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2 September 2013

Shareholder Update

Dear Shareholders,

I would like to take this opportunity to update you the latest progress of the Company.

First of all, I would like to thank all shareholders for giving me the opportunity to chair the Company and to steer QMC for future success. I am pleased with the overwhelming support given by the shareholders to myself and the new board of directors.

This is a new chapter for our Company. Following the significant restructuring process over the last 9 months, we now have a strongly focused board with a clear objective of capitalising on our assets and exploring further opportunities, with the help of the strong financial backing of our major shareholders. Having recognised resource assets in the Northern Queensland, our effort will now be focussed on expanding these and capitalising on them for the benefit of our shareholders.

The Restructure

You may recall that in December last year we called for a shareholders meeting to restructure the board and the management with the view of redirecting the strategy and reducing the Company's overheads and operational cost base.

With the support of the shareholders, those objectives have now been successfully achieved. Despite the high quality asset of the Company, we strongly believe the restructure itself has added great value to the shareholders' interests.

Moving forward, I am very pleased to announce that the board has appointed Mr Eddy Wu as the new CEO of QMC and needless to say his acceptance comes at a very timely point in the Company's restructure. Mr Wu has significant academic qualifications in the financial field and these along with his strong operational experience in the mining industry, including his former role as the CEO of Murray Zircon in South Australia, will provide QMC with strong leadership in the years to come.

In summary, although it has taken some time, it is pleasing to note that some very fundamental changes have been made to the Company which have resulted in significant cost reductions, but we have still been able to maintain our core strategy of expanding our resources by well-planned drilling and exploration programmes.



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The Financial Facts

Before talking about the status of the Companies projects, I would like to provide some background as to the Company's financial position. As you are aware, in December 2012 the Company undertook a Rights Issue which raised approximately \$5.67m and placed a further \$1.94m of Shortfall with the strong support of our major shareholders. Since then the Company has undergone a number of significant changes with the aim of reducing the overhead costs and reducing the Company's financial liabilities. I think it is worthwhile outlining some of these changes and the major costs associated with the restructuring.

- The Companies Debt has been reduced by approximately \$2.89m. It still has debt of approximately \$211,000 on normal commercial terms which is due to be repaid before 30 June 2014.
- As at 31 December 2012 and reported in the half yearly Financial Statements the Company had Current Liabilities (Trade and other payables) of approximately \$1.84m. The current liability has been reduced significantly to approximately \$0.59m as at 30 June 2013. Many of these liabilities at December 2012 related to exploration and feasibility work carried out by QMC during 2012 as well as a significant number of outstanding tax liabilities and the underwriting costs of the Rights Issue.
- The Company has also undergone a dramatic downsizing including reducing fulltime staff numbers by approximately 75%, the cost of terminations and associated costs amounted to approximately \$250k.
- The total cost of the capital raisings was approximately \$390k of which \$300k was included in the 31 December 2012 Current Liabilities above, the remainder was paid as costs in the period Jan to Jun 2013, these costs included underwriting fees, management, ASX listing and share registry costs.
- There are also a number of other extra-ordinary costs associated with the historical issues, such as the ongoing legal claims against the former MD, tax penalties and environmental costs at Mt Norma were also incurred during the last six months.

Of the remaining operating costs the Company has reduced its monthly fixed costs of Corporate and Cloncurry staff and overhead costs down by 65% since November 2012 with further reductions expected when the Head Office is relocated back to Sydney.

Despite the significant costs associated with restructuring and managing the Company's financial position, it still retained over \$1.3m in cash (plus \$300k in receivables) as at the 30 June 2013.

As a result of the restructuring by the Board and Management over the past six months, I now believe the Company is in an ideal position continue to run as an efficient exploration company which can now focus its attention on delivering shareholder value from its core White Range assets in the Cloncurry region.



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Future Work

As a result of an internal technical review in response to the changing and difficult market conditions, the Company has identified the best strategy for adding value to the Company's Cloncurry projects. It is clear that there is significant exploration potential to increase the resources at the White Range project. This includes areas immediately adjacent to the current resources, principally Greenmount and Kuridala and within the extensive area of exploration tenement holding along strike from these known resources.

Over the past six months the Company's geologists have conducted on ground mapping and exploration activities at a large number of poorly explored and drilled prospects which exhibit geological and mineralisation characteristics similar to the known resources. Many of these prospects including the Greenmount extensions, Copper Canyon, Chopper Ridge, Young Australia extensions, Blackforte, Toby Barty and Kuridala South have only been the subject of wide spaced reconnaissance drilling, mostly for gold exploration (see figure 1), but have returned significant near surface copper intersections.

As a result of the review the Company is planning to conduct a staged program of exploration drilling to follow up the best of these prospects with the aim of identifying areas that could host significant new copper oxide resources.

It is clear that the discovery of additional new resources will continue to increase the economic value and improve robustness of the White Range Project prior to moving into full scale development. The Company continues to look for opportunities to divest of its non-core assets including tenements and prospects outside of the White Range Project.

In the coming months we will continue to update shareholders on the Company's progress towards achieving the aims we have set ourselves.

Yours Faithfully

Lakshman Jayaweera

Chairman
Queensland Mining Corporation Limited

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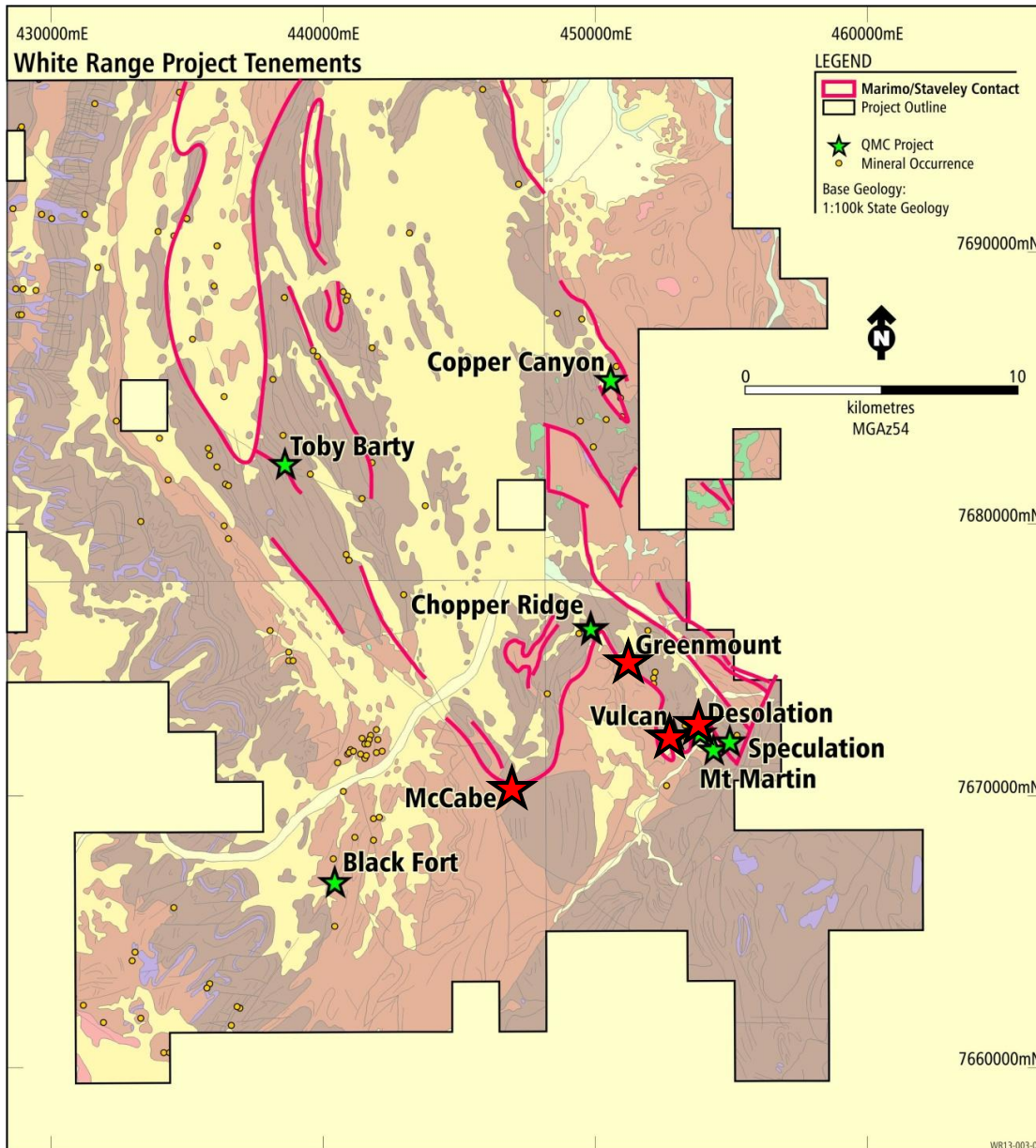


Figure 1. The attached figure shows exploration potential in the main White Range Project area. The principle resources are shown in red and the target prospects in green. The red lines show the extent of main target horizon, the Marimo - Staveley contact, which hosts the majority of the larger copper resources at White Range. Much of this contact outside the known prospects mineral occurrences remain very poorly explored.



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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Anthony Martin, a Member of Australasian Institute of Mining and Metallurgy. Mr Martin is a fulltime employee of Queensland Mining Corporation Limited. Mr Martin 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 2004 Edition of the Australasian Code for Reporting Results, Mineral Resources and Ore Reserves. Mr Martin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.