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Cloncurry Exploration Progress Report

Highlights

- **GILDED ROSE PROJECT:** 21 RC holes completed for a total of 2,400m
- from visual examination of drill chips 18 out of 21 holes intersected varying widths of pyrite and chalcopyrite mineralization with the best interval of up to 30% chalcopyrite over 12m; laboratory results expected mid July
- **MT FREDIA PROJECT:** 16 RC holes completed for a total of 1,974m; visual examination of drill chips indicates structural zones up to 30m downhole width intense silicification
- **MORRIS CREEK:** 3.1 line km of LANDTEMTM geophysical survey completed
- **FLAMINGO:** assay results from recent drilling due shortly

Queensland Mining Corporation Limited (**ASX: QMN**) is pleased to provide a progress report on its exploration activities in the Cloncurry mineral district, NW Queensland.

Gilded Rose Gold Project

The Gilded Rose gold project is located approximately 15km east-southeast of Cloncurry. It comprises four granted mining leases totaling 64 hectares which contain the historical Gilded Rose, Boomerang, Gilt Edged and Silver Lining Mines where mineralisation is over a strike length of 1.5km. The Company has a gold processing plant located on the lease area that is suitable for the treatment



of high-grade ore which can be upgraded at minimal cost to an annual throughput capacity of 180,000 tpa of ore if adequate resources can be established.



Fig. 1 Gilded Rose 2010 Drill-hole locations

Gold mineralization occurs as sheeted quartz veins along the WNW-ESE trending shear zones developed mainly on the contact between the phyllite-quartzite unit and overlying metavolcanics of the Weatherly Creek Formation. Historical drilling includes 52 RC and 8 diamond holes at Gilded Rose, 4 RC holes at Gilt Edge, 5 RC holes at Boomerang and 11 RC holes at Silver Lining, drilled by a previous explorer in 1987 to define open cut and underground mineralisation (refer QMC Prospectus dated 2 January 2008, pp67-68).

QMC has developed a drill programme to establish the potential for open cut economic grade gold mineralization along strike of the Gilded Rose mine shaft. The first phase of the Company's 2010 drilling programme commenced on the 19th of May and finished on the 2nd of June. In total, 21 RC (reverse circulation) holes for a total of 2,400 were drilled over a 400m strike length of the interpreted host structure (**Figure 1**). All the holes were drilled towards north-northeast and angled at -60° with



depth varying from 72 to 150m. A drilling pattern of 25m x 25m was applied around the pit area with the aim to define JORC-compliant resources for the project.

Visible gold is not observed from drill chips however 18 out of 21 holes intersected varying widths of pyrite and chalcopyrite mineralization with the best interval of up to 30% chalcopyrite over 12m in hole **GR10RC12**.

All the drill samples have been dispatched to the laboratory in Townsville and assay results are expected to be available in mid July.

Mt Freda Project

The Mt Freda gold project is centred approximately 39km southeast of Cloncurry and about 25 km southeast of Gilded Rose. It consists of two granted mining leases covering an area of 120.3ha. Gold mineralization is hosted by pyritic quartz and carbonate breccia and veins along a near E-W structural zone that steeply dips south. The project has seen extensive exploration and small scale mining, including 9 diamond holes completed by QMC in late 2009 which returned very encouraging intercepts up to 2m@11.15g/t Au from 165m depth.

The drill program of this year at Mt Freda was undertaken during the period of 4-16 June 2010. The 16 RC holes totaling 1974m were mainly designed to upgrade the existing resources to a measured and/or indicated category for future mine planning with some holes targeting the strike extension of the mineralization outside of the current pit area. The locations of the drill-holes are shown in **Figure 2**. While assay results are being awaited, visual examination of the drill chips indicates significant structural zones up to 30m downhole width with intense silicification were intersected through the drilling.

Morris Creek Project

The Morris Creek tenement, consisting of one sub-block, is located to the immediate south of Cuddeco's world class Rocklands Copper-Gold Project in Cloncurry. In November 2009, QMC drilled 8 shallow RC holes and 2 diamond holes to test the targets defined by geological mapping and SAM conductivity survey. The drilling has returned several intervals of ore-grade mineralization and significant geochemical anomalous zones. The Company believes that the Morris Creek tenement has potential to host deeply buried IOCG style of copper-gold mineralization.

To assist in defining deep sulphide targets for further drill testing, QMC has engaged the Outer-Rim geophysical contractor carry out 5 lines of LANDTEM™ (Transient Electromagnetic) survey, a technique which is able to overcome the limited depth penetration associated with the previously completed SAM survey. The locations of the survey lines are based on the existing geological breccia zones, SAM conductivity and magnetic anomalies and drilling data.

A total of 3.1 line km of LANDTEM™ data was collected from 22-31 May 2010 on NE-SW directed lines (**Figure 3**). The field data has been forwarded to geophysical consultants for processing and modeling and the final results will be reported once they come to hand.

Flamingo Project

The Flamingo project is located approximately 110 km north-northwest of Cloncurry and straddles the Burke Developmental Road. QMC conducted an aggressive drill program over the two granted mining leases in April-May 2010 with 4,907m in 55 RC holes being drilled. Results from the first 15 holes which focused on the eastern portion of ML90103 (the east lease) were reported by the Company to



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ASX on 18 May 2010. Additional assays results on the holes drilled in the west lease (ML90104) are pending. Results will be reported to the market as they come to hand and are compiled by the Company's geologists. Due to the onset of the peak field season the laboratory in Townsville has been inundated with the volume of samples to assay, resulting in slow turnaround.

Yours sincerely,

Howard V. Renshaw
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Guojian Xu, a Member of Australasian Institute of Mining and Metallurgy and a Fellow of the Society of Economic Geologists. Dr Guojian 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, 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. Dr Xu consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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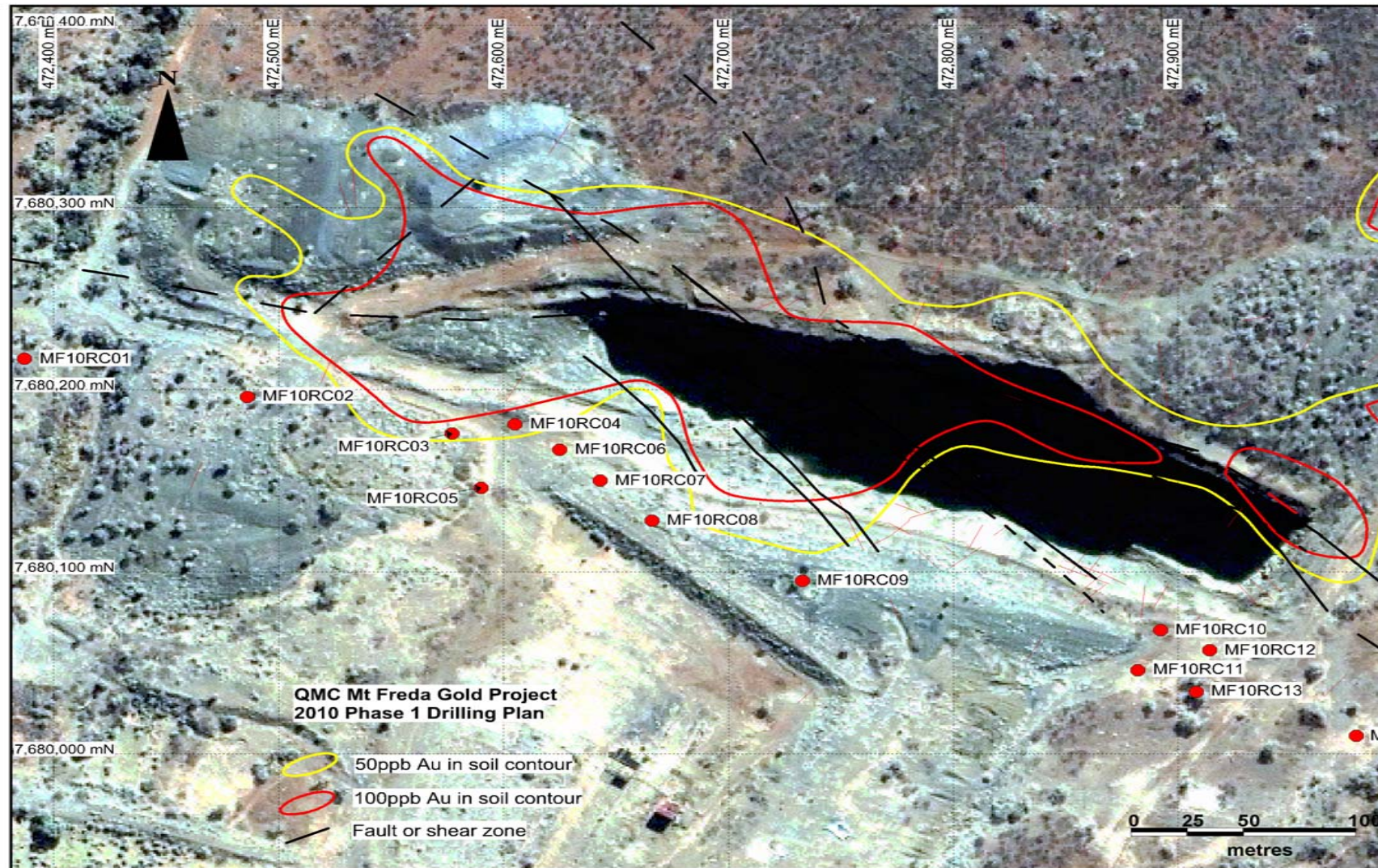


Fig. 2 Mt Freda Gold Mine

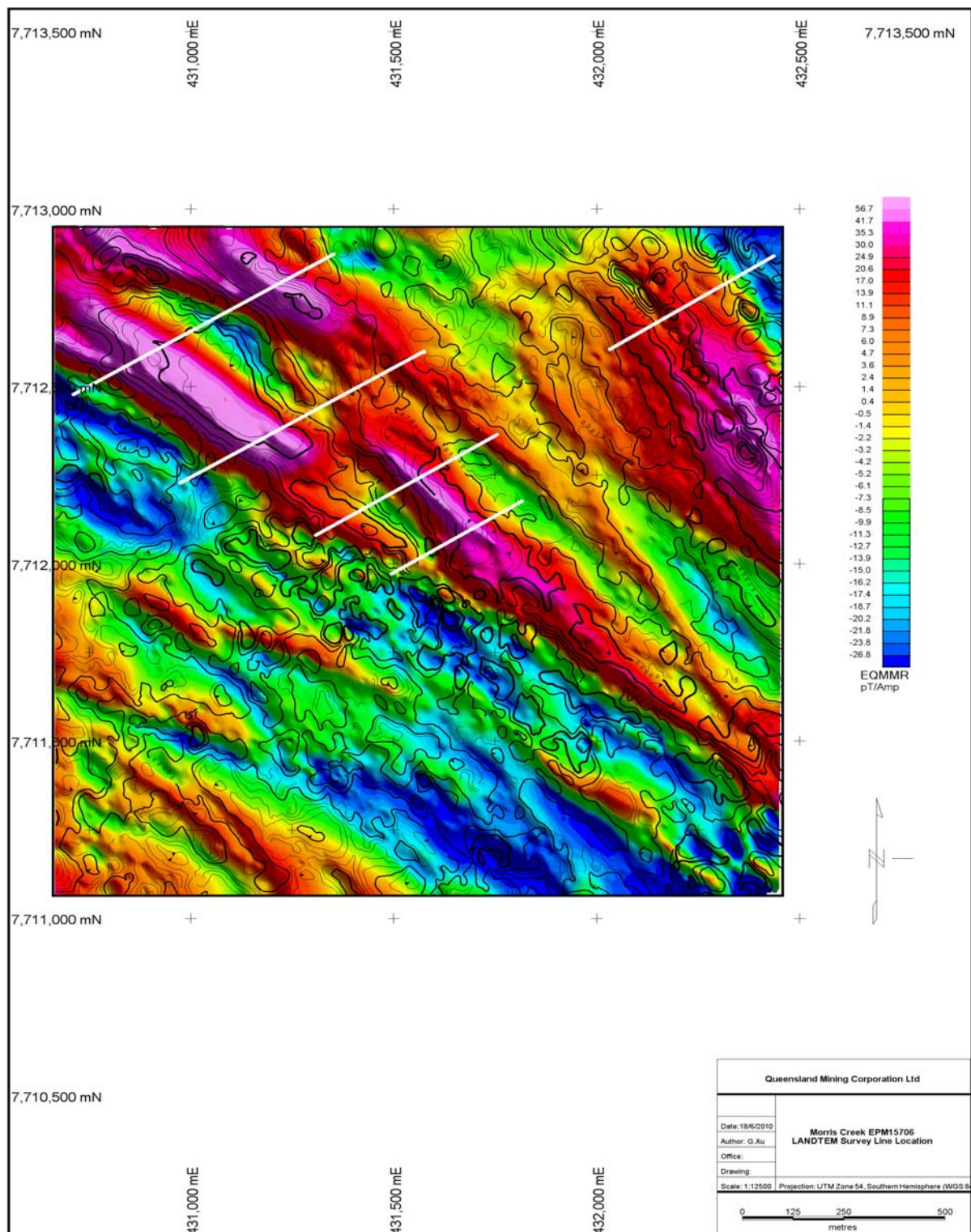


Fig. 3 Morris Creek LANDTEM™ Survey Line Location