

QMiner Ltd (QML)

Not Rated

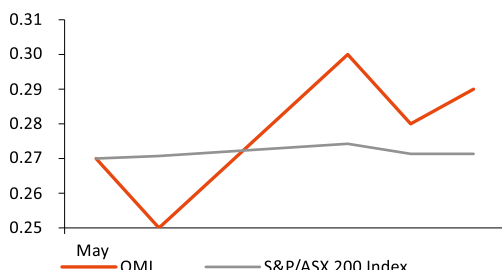
QMiner IPO – copper exploration at Mount Chalmers

Key Information

Current Price (\$ps)	0.29
Reporting Currency	AUD
Market Cap (\$m)	32
Sector	Materials
Avg Daily Volume (m)	0.6
ASX 200 Weight (%)	0%

Price Performance

YE 30 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	n/a	n/a	n/a	n/a
Absolute (%)	n/a	n/a	n/a	n/a
Benchmark (%)	1.8%	4.9%	4.3%	31.4%



Major Shareholders

Andrew Sparke	33.6%
James Andeson	12.6%
Daniel Lanskey	7.4%
Elissa Hansen	2.1%

SHAW AND PARTNERS ACTED AS
LEAD MANAGER FOR THE RECENT
IPO FOR WHICH IT RECEIVED A FEE.

Event

QMiner IPO'd on the ASX on May 6th, raising \$11.55m at \$0.30ps to fund exploration at its flagship Mount Chalmers copper project in Queensland.

Highlights

- QMiner holds a 100% interest in the Mount Chalmers project, located approximately 17km north-east of Rockhampton in Queensland. It is a historic copper/gold mine that operated sporadically between 1898 and 1982. Historical production totalled 1.24Mt @2.0% Cu, 3.6g/t Au and 19g/t Ag. The mine had both underground and open pit operations, with 810kt produced from open pit and 430kt from underground operations.
- Mount Chalmers currently has an inferred resource of 3.9Mt @ 1.15% CU, 0.81g/t Au and 8.4g/t Ag.
- Exploration has re-commenced at Mount Chalmers, with the company recently completing an 11 hole 1,575m diamond drilling program. The company is expecting to receive assay results prior to the end of the June quarter.
- QMiner is also intending to explore for additional mineralisation near the existing Mount Chalmers open pit, particularly along strike and down-dip of the existing resource. A 3,000m RC drilling program is commencing in the next two weeks. This program is designed to test extensions to the known resource below, and adjacent to, the historical open pits. The company has advanced exploration targets at Woods Shaft, Botos and Mt Warminster.
- The Company also holds a 100% interest in the Silverwood, Warroo and Herries Range projects located south west of Brisbane in Queensland. These projects are at an earlier stage than Mount Chalmers.
- The copper price recently hit an all-time high of US\$10,710/t and so the IPO of QMiner appears well timed. There are very few ways for investors on the ASX to gain exposure to copper outside of companies such as Oz Minerals and Sandfire.
- QMiner is trading at EV/t of copper resource of A\$306/t, which compares to a basket of peers trading at an average of A\$580/t. QMiner is trading at a 47% discount.

Mount Chalmers



Andrew Hines | Head of Research

+61 3 9268 1178

andrew.hines@shawandpartners.com.au

Michael Clark | Analyst

+61 3 9268 1148

michael.clark@shawandpartners.com.au

QMines

QMines IPO'd on the ASX on May 6th, raising \$11.55m at \$0.30ps to fund exploration at its flagship Mount Chalmers copper project in Queensland.

QMines holds a 100% interest in the Mount Chalmers project, located east of Rockhampton in Queensland. The Mount Chalmers copper and gold mine produced 1.24 Mt @ 2.0% Cu, 3.6g/t Au and 19g/t Ag during periodic mining between 1898 and 1982.

Mount Chalmers currently has an inferred resource of 3.9Mt @ 1.15% CU, 0.81g/t Au and 8.4g/t Ag.

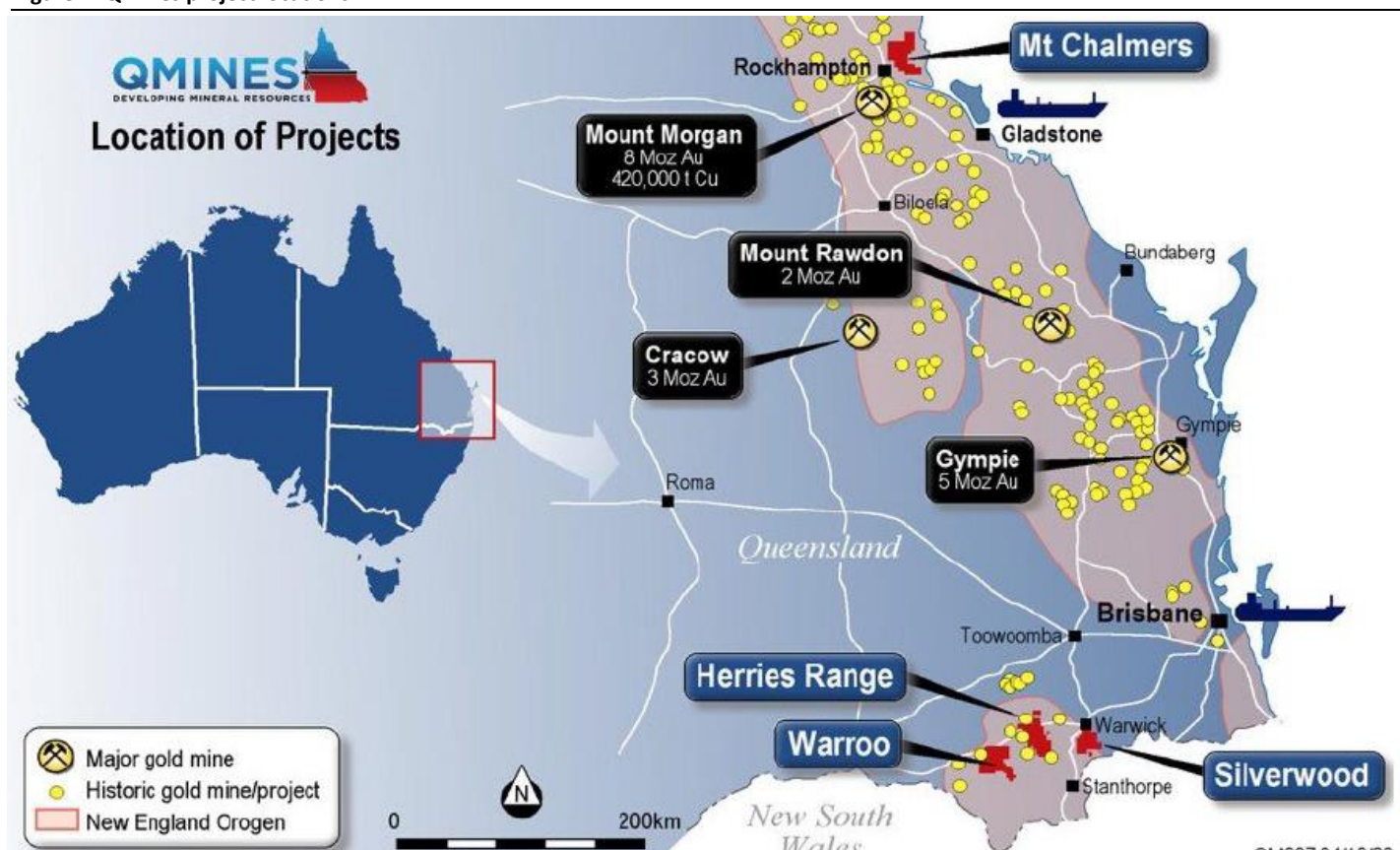
The Company also holds a 100% interest in the Silverwood, Warroo and Herries Range projects located south west of Brisbane in Queensland. These projects are at an earlier stage than Mount Chalmers.

Exploration has commenced at Mount Chalmers, with the company recently completing an 11 hole 1,575m diamond drilling program. The company is expecting to receive assay results prior to the end of the June quarter.

A 3,000m RC drilling program is commencing in the next two weeks. This program is designed to test extensions to the known resource below, and adjacent to, the historical open pits.

The copper price recently hit an all-time high of US\$10,710/t and so the IPO of QMines appears well timed. There are very few ways for investors on the ASX to gain exposure to copper outside of the major diversified miners and larger companies such as Oz Minerals and Sandfire.

Figure 1: QMines project locations



Source: QMines presentation

Mount Chalmers Copper Project

Mount Chalmers is located approximately 17km north-east of Rockhampton in Queensland. It is a historic copper/gold mine that operated sporadically between 1898 and 1982. Historical production totalled 1.24Mt @ 2.0% Cu, 3.6g/t Au and 19g/t Ag. The mine had both underground and open pit operations, with 810kt produced from open pit and 430kt from underground operations.

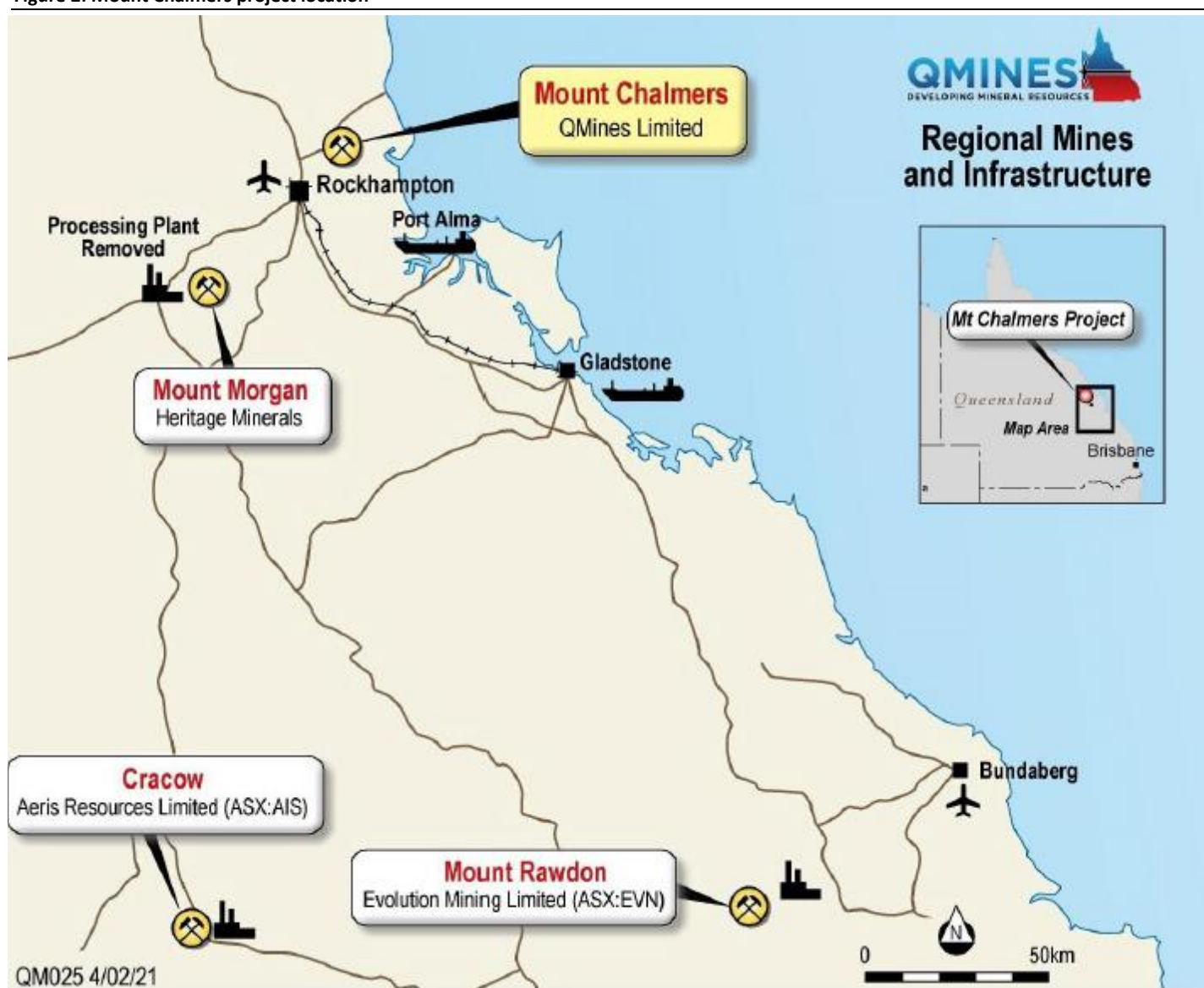
The mine was last operated by Mount Morgan between 1979 and 1982 before closing because of low commodity prices.

The deposit is a volcanic hosted massive sulphide deposit (VHMS) and the system contains copper, gold, silver, lead and zinc mineralisation. The mineralisation is near surface and open in all directions.

Mount Chalmers currently has an inferred resource of 3.9Mt @ 1.15% CU, 0.81g/t Au and 8.4g/t Ag.

QMiners is intending to rapidly expand and upgrade the existing Mount Chalmers resource and return the mine to production. To that end, the company recently completed an 11-hole diamond drill program with the objective of converting inferred resource to the indicated category.

Figure 2: Mount Chalmers project location



Source: QMiners presentation

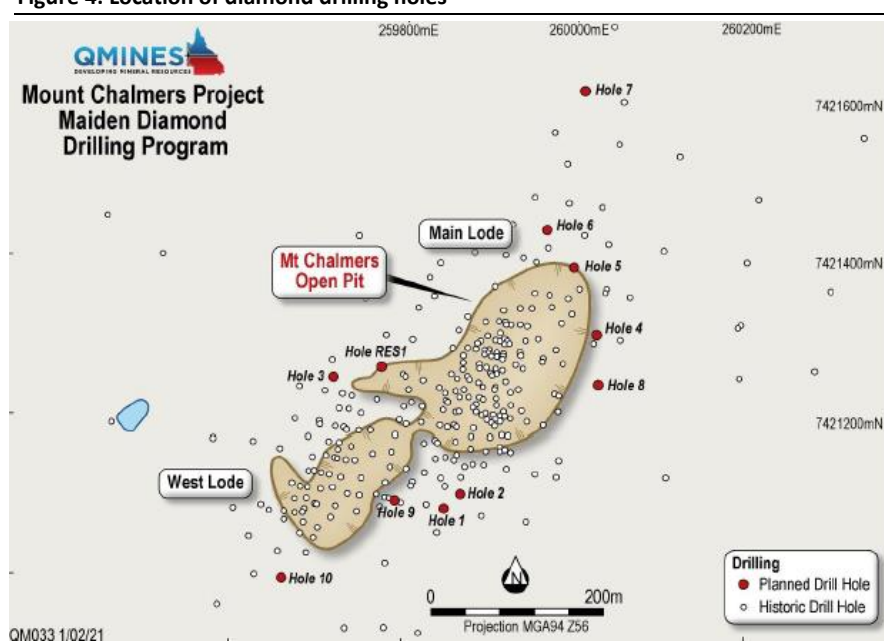
QMiners is also intending to explore for additional mineralisation near the existing Mount Chalmers open pit, particularly along strike and down-dip of the existing resource. The company has advanced exploration targets at Woods Shaft, Botos and Mt Warminster. A 3,000m RC drilling program is commencing in the next two weeks.

Figure 3: Mount Chalmers exploration targets

PROJECT	PROSPECT	Mt	Au (g/t)	Cu (%)	Zn (%)	CUT OFF
Mt Chalmers	Woods Shaft	1.0 to 1.5	0.6 to 1.0	0.2 to 0.3	n/a	0.5g/t Au
Mt Chalmers	Botos	1.5 to 2.5	0.5 to 0.8	0.1 to 0.2	1.1 to 1.4	0.5g/t Au
Mt Chalmers	Mt Warminster	1.5 to 1.8	n/a	0.1 to 0.2	0.5 to 0.7	1% Zn Eq

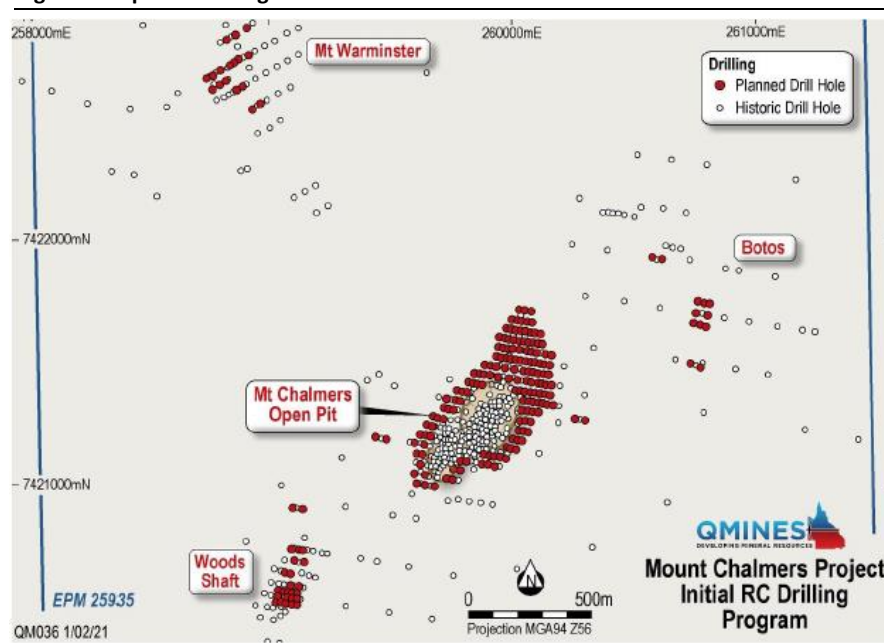
Source: QMiners presentation

Figure 4: Location of diamond drilling holes



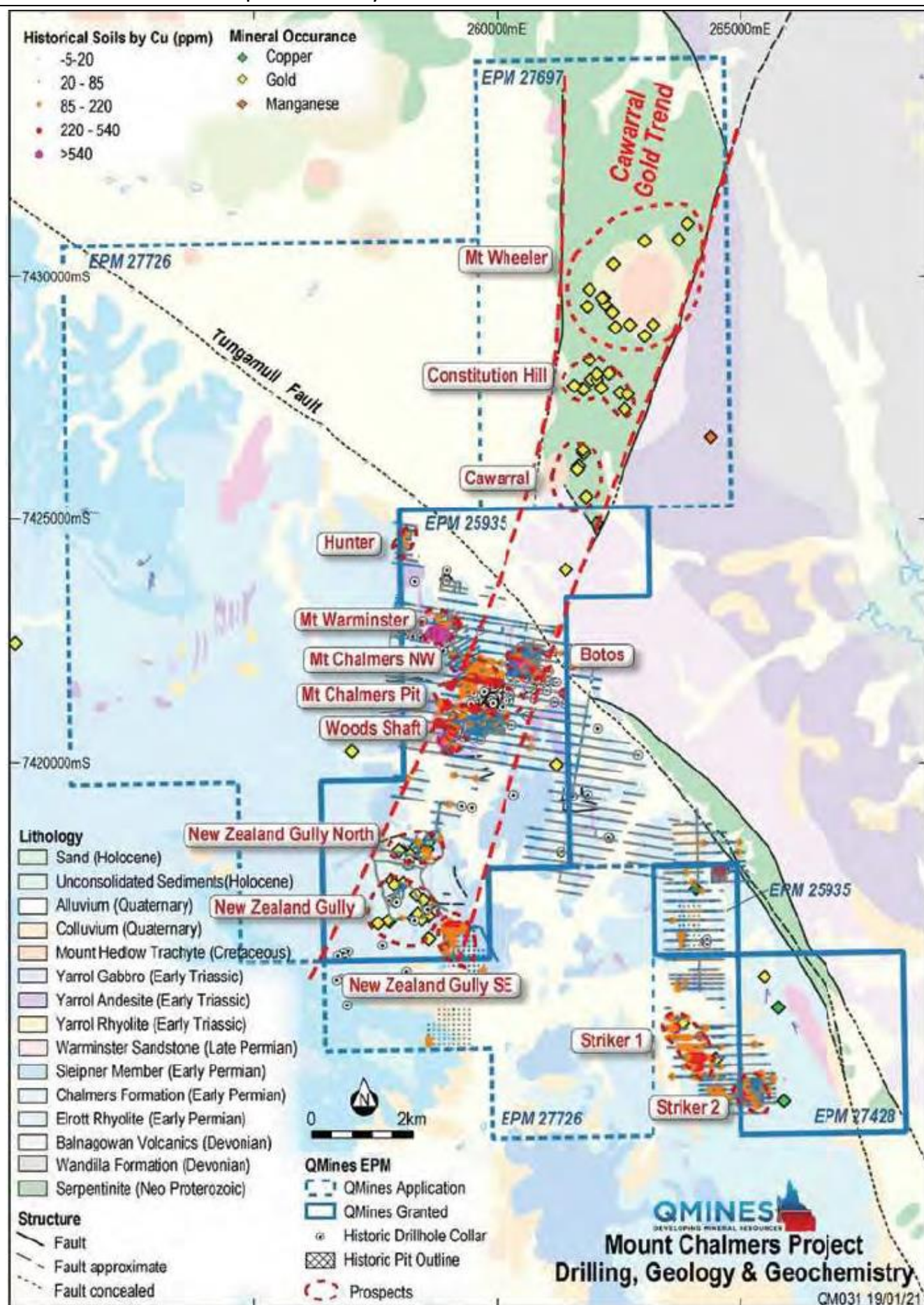
Source: QMiners presentation

Figure 5: Exploration targets – RC drill hole locations



Source: QMiners presentation

Figure 6: Mount Chalmers historical exploration summary



Source: QMINES prospectus

Other Projects

QMin's primary focus is the Mount Chalmers project, however the company is also progressing exploration at Silverwood, Warroo and Herries Range.

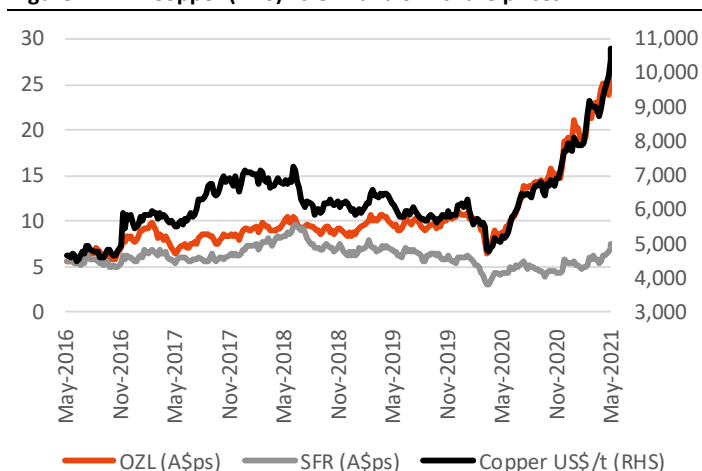
The total exploration budget over the next two years is around A\$1m across the three projects and is focused on geological mapping, soil sampling and Auger/aircore drilling.

Copper comparables

There are very few ways for investors to gain exposure to copper on the ASX outside of Sandfire (SFR:ASX, Buy, \$8.40 PT), and Oz Minerals (OZL:ASX, Buy, \$25.00 PT).

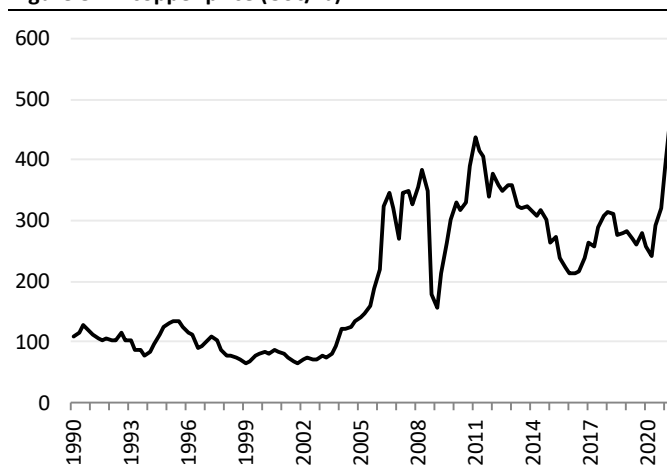
The copper price has recently hit an all-time and whilst Oz Minerals has performed in-line with the movement in copper, Sandfire has lagged behind.

Figure 7: LME Copper (RHS) vs OZL and SFR share prices



Source: FactSet, Shaw and Partners analysis

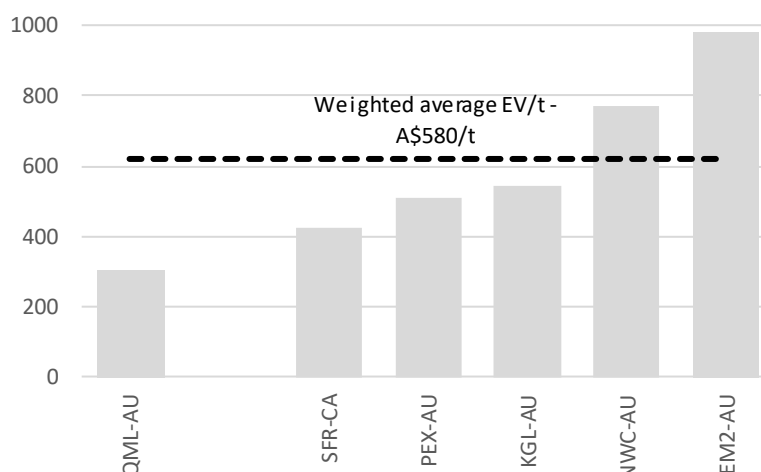
Figure 8: LT copper price (US\$/lb)



Source: FactSet, Bloomberg, Shaw and Partners analysis

The following table outlines a number of companies which could be considered 'peers' for QMin's. On an EV/t of copper resource basis QMin's is trading at \$306/t, which is a ~47% discount to the peer comparables. The peers include Sandfire Resources America (SFR), Peel Mining (PEX), KGL Resources (KGL), New World Resources (NWC) and Eagle Mountain Mining (EM2).

Figure 9: Comparable EV/t copper equivalent resource(A\$/t).



Source: Factset, Shaw and Partners analysis

Key Personnel

Andrew Sparke | Executive Chairman

Mr Sparke has over 15 years' experience in IPO's, private placements, secondary market transactions and listed company compliance. Mr Sparke is the founder of Olive Capital, an Australian boutique investment house that has advised numerous ASX listed companies on capital raising and corporate transactions.

Daniel Lansky | Managing Director

Mr Lansky has over 20 years' experience with Senior Management/Director roles in the Resources, Oil and Gas and Cannabis industries. He was a founder and Managing Director of Austex Oil Limited (ASX:AOK) from 2006 to 2015. During this time Mr Lansky grew the annual revenue from start-up to \$US30 million.

Elissa Hansen | Non-Executive Director & Company Secretary

Ms Hansen is a chartered secretary with over 20 years' experience as a company secretary and corporate governance professional. She has worked with boards and management on a range of ASX listed companies including assisting a number of organisations through the IPO process. Elissa is experienced in the specific requirements of companies in industries including resources, information technology, industrials and biotechnology.

James Anderson | General Manager -Operations

Mr Anderson is from corporate operational, logistics, supply chain management, and moved into the minerals exploration industry in 2011. He was a founder of Alt Resources Limited, which was recently the subject of a takeover by a large private equity firm. Mr Anderson was formerly the CEO at SMP International and Australia, Managing Director of Aloha and General Manager of Sunseeker International.

Hamish Grant | Exploration Geologist

Mr Grant has eight years' experience as an exploration geologist in Australia and overseas in both greenfield and brownfield exploration and resource definition. Mr Grant has spent the majority of his career working on orogenic gold, intrusive related gold and porphyry copper projects. He has most recently worked with Alt Resources Ltd (ASX:ARS) as a project manager and played a major role in defining the maiden resource at the Mt Ida Project. Mr Grant holds a Bachelor of Science (Geology) from the Otago University in New Zealand.

Rating Classification

Buy	Expected to outperform the overall market
Hold	Expected to perform in line with the overall market
Sell	Expected to underperform the overall market
Not Rated	Shaw has issued a factual note on the company but does not have a recommendation

Risk Rating

High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

RISK STATEMENT: Where a company is designated as 'High' risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their Shaw adviser before making any investment decision.

Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	66	83%
Hold	12	15%
Sell	2	3%

History of Investment Rating and Target Price - QMines Ltd

Disclaimer

Shaw and Partners Limited ABN 24 003 221 583 ("Shaw") is a Participant of ASX Limited, Chi-X Australia Pty Limited and holder of Australian Financial Services Licence number 236048.

ANALYST CERTIFICATION: The Research Analyst who prepared this report hereby certifies that the views expressed in this document accurately reflect the analyst's personal views about the Company and its financial products. Neither Shaw nor its Research Analysts received any direct financial or non-financial benefits from the company for the production of this document. However, Shaw Research Analysts may receive assistance from the company in preparing their research which can include attending site visits and/or meetings hosted by the company. In some instances the costs of such site visits or meetings may be met in part or in whole by the company if Shaw considers it is reasonable given the specific circumstances relating to the site visit or meeting. As at the date of this report, the Research Analyst does not hold, either directly or through a controlled entity, securities in the Company that is the subject of this report, where they do hold securities those interests are not material. Shaw restricts Research Analysts from trading in securities outside of the ASX/S&P100 for which they write research. Other Shaw employees may hold interests in the company, but none of those interests are material.

DISCLAIMER: This report is published by Shaw to its clients by way of general, as opposed to personal, advice. This means it has been prepared for multiple distribution without consideration of your investment objectives, financial situation and needs ("Personal Circumstances"). Accordingly, the advice given is not a recommendation that a particular course of action is suitable for you and the advice is therefore not to be acted on as investment advice. You must assess whether or not the advice is appropriate for your Personal Circumstances before making any investment decisions. You can either make this assessment yourself, or if you require a personal recommendation, you can seek the assistance of your Shaw client adviser. This report is provided to you on the condition that it not be copied, either in whole or in part, distributed to or disclosed to any other person. If you are not the intended recipient, you should destroy the report and advise Shaw that you have done so. This report is published by Shaw in good faith based on the facts known to it at the time of its preparation and does not purport to contain all relevant information with respect to the financial products to which it relates. The research report is current as at the date of publication until it is replaced, updated or withdrawn. Although the report is based on information obtained from sources believed to be reliable, Shaw does not make any representation or warranty that it is accurate, complete or up to date and Shaw accepts no obligation to correct or update the information or opinions in it. If you rely on this report, you do so at your own risk. Any projections are indicative estimates only and may not be realised in the future. Such projections are contingent on matters outside the control of Shaw (including but not limited to market volatility, economic conditions and company-specific fundamentals) and therefore may not be realised in the future. Past performance is not a reliable indicator of future performance. Except to the extent that liability under any law cannot be excluded, Shaw disclaims liability for all loss or damage arising as a result of any opinion, advice, recommendation, representation or information expressly or impliedly published in or in relation to this report notwithstanding any error or omission including negligence.

Depending on the timing and size of your investment, your portfolio composition may differ to the model. Performance figures are derived from the inception date of the model and its investment transactions from that date, therefore the performance for your portfolio may be different. If you have any questions in connection with differences between your portfolio and the model, you should speak with your adviser.

IMPORTANT INFORMATION TO CONSIDER: It is important that before making a decision to invest in a Shaw Managed Accounts, a managed fund, an exchange traded fund, an individual hybrid security or listed debt instrument that you read the relevant Product Disclosure Statement ("PDS"). The PDS will contain information relevant to the specific product, including the returns, features, benefits and risks. The PDS can be found at: www.shawandpartners.com.au/media/1348/shawmanagedaccounts_pds.pdf.

RISKS ASSOCIATED WITH HYBRID SECURITIES: Hybrid securities and listed debt instruments differ from investments in equities and cash products in a number of important respects. The liquidity risk associated with an investment in hybrid securities and listed debt instruments will generally be greater than that associated with equities. The credit risk associated with hybrid securities and listed debt instruments is higher than that of a cash product or term deposit. Some hybrid securities may be perpetual in nature, meaning that they can only be redeemed or exchanged for cash or equity at the issuer's option. Hybrids may also contain terms which automatically trigger the deferral of an interest payment or cause the issuer to repay the hybrid earlier or later than anticipated. ASIC has published information to assist consumers in understanding the risks and benefits associated with an investment in hybrid securities or listed debt instruments. This information can be found under the heading 'Complex Investments' at www.moneysmart.gov.au/investing.

DISCLOSURE: Shaw will charge commission in relation to client transactions in financial products and Shaw client advisers will receive a share of that commission. Shaw, its authorised representatives, its associates and their respective officers and employees may have earned previously or may in the future earn fees and commission from dealing in the Company's financial products. Shaw acted for the company in a corporate capacity within the past 12 months for which it received a fee.

Sydney Head Office	Melbourne	Brisbane	Adelaide	Canberra	Perth
Level 7, Chifley Tower	Level 20	Level 28	Level 23	Level 7	Level 20
2 Chifley Square	90 Collins Street	111 Eagle Street	91 King William Street	54 Marcus Clarke Street	108 St Georges Terrace
Sydney NSW 2000	Melbourne VIC 3000	Brisbane QLD 4000	Adelaide SA 5000	Canberra ACT 2600	Perth WA 6000
Telephone: +61 2 9238 1238	Telephone: +61 3 9268 1000	Telephone: +61 7 3036 2500	Telephone: +61 8 7109 6000	Telephone: +61 2 6113 5300	Telephone: +61 8 9263 5200
Toll Free: 1800 636 625	Toll Free: 1800 150 009	Toll Free: 1800 463 972	Toll Free: 1800 636 625	Toll Free: 1800 636 625	Toll Free: 1800 198 003