

ASX ANNOUNCEMENT

29 June 2009

Investment Data

Issued Shares:
147,179,992

Net Assets (31 December 2008)
\$39.3 million

Half Year Profit (31 Dec 08)
\$6.4 million

Market Capitalisation
\$37 million



About NQM

North Queensland Metals is an Australian based and listed mining company with a focus on activities in north Queensland.

The company has a 60% interest, and is the manager of the Pajingo Gold Mine near Charters Towers. NQM aims to open a second gold mine through an option over the Dotswood Project, NE of Charters Towers, and is actively looking to expand its gold interests on its extensive exploration area in the Drummond Basin.

In addition to its gold operation, North Queensland Metals has a strategy of developing several mines in the Herberton area, west of Cairns, feeding ore to a central milling facility. The mineral field includes hundreds of historic tin and base metal mines with rich credit metals such as silver and indium.

DOTSWOOD UPDATE

- **Drilling program complete – confirms mineralised zones and extension containing high grade narrow veins**
- **Ore performs well in Pajingo circuit**

In April 2009 NQM announced that it had secured an Option Agreement allowing it to evaluate the prospect named Dotswood which lies 80Km NE of Charters Towers.

Prior to the decision on exercising the Option, NQM has been:

- Evaluating the various mineralised zones beneath the existing pits and along strike from existing workings.
- Reconstructing the existing mineralised body to evaluate mineable tonnes and grades and
- Undertaking due diligence on environmental, mining tenure and permitting.

NQM's own drilling program, which is intended to build onto the existing geological model, is now largely complete. The focus of the recent drilling has been to test a series of NNW trending structures which intersect the line of strike along the pits.

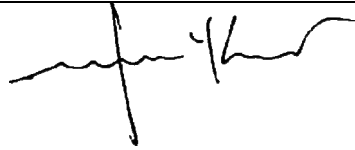
The higher grade results in the attached table, confirm shallowly plunging mineralised zones and extensions include high grade narrow veins surrounded by lower grade disseminated mineralisation, hosted within permeable sandstone rocks.

Further drill assay results are awaited prior to open pit mine optimisation studies to determine if sufficient resources warrant completion of a scoping study in July prior to exercising the Option.

Additional faults identified adjacent to the existing pits, are mineralised and preliminary drilling on one fault has indicated repetition to mineralisation exploited by previous mining activities.

As part of the evaluation exercise Low Grade ore, running 2.5g/t to 3g/t, from existing stockpiles has been trucked to Pajingo and processed through the mill. This oxidized ore, in which the gold is closely associated with sulphide minerals, has been processed with the Pajingo ore as part of an exercise to test the capability of the Pajingo plant to cope with external ore feed, evaluate the metallurgical performance and provide supplementary cash flow.

The ore has proved easy to treat despite increasing viscosity, raising reagent consumptions slightly and adding coarser gold to a circuit not specifically designed for that purpose.



John D McKinstry

Dated 29 June 2009

Chief Executive Officer

North Queensland Metals Limited

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Table 1. Confirmatory diamond drilling intercepts.

Hole No	From (m)	To (m)	Interval	Av. Au (g/t)
DTS02	59.00	59.50	0.5m @ 5.51 g/t Au	5.51
DTS02	65.00	66.20	1.2m @ 1.94 g/t Au	1.94
DTS02	85.00	86.50		2.00
DTS02	86.50	87.50	2.5m @ 1.98 g/t Au	1.94
DTS02	104.50	105.50	1.0m @ 16.0 g/t Au	16.00
DTS03	80.00	81.00		1.27
DTS03	81.00	82.00		5.94
DTS03	82.00	83.00	3.0m @ 2.74 g/t Au	1.01
DTS03	107.80	108.30	0.50m @ 4.88 g/t Au	4.88
DTS03	110.60	111.20		0.93
DTS03	111.20	112.30		19.60
DTS03	112.30	113.30		18.00
DTS03	113.30	114.00		0.05
DTS03	114.00	115.00		0.24
DTS03	115.00	115.50		2.14
DTS03	115.50	116.50		0.40
DTS03	116.50	117.50	6.9m @ 6.14 g/t Au	0.51
DTS03	148.20	148.60	0.4m @ 1.23 g/t Au	1.23
DTS04	69.10	70.00		5.30
DTS04	70.00	71.00		0.00
DTS04	71.00	71.90		0.12
DTS04	71.90	72.40		5.68
DTS04	72.40	73.00		0.69
DTS04	73.00	74.00		0.06
DTS04	74.00	74.60	5.5m @ 5.07 g/t Au	32.80
DTS05	70.80	71.55	0.75m @ 5.44 g/t Au	5.44
DTS05	97.60	98.30	0.7m @ 1.84 g/t Au	1.84
DTS05	105.90	106.55		1.50
DTS05	106.55	107.50	1.6m @ 1.62 g/t Au	1.70
DTS05	150.20	150.65	0.45m @ 1.38 g/t Au	1.38
DTS05	150.65	152.10		0.08
DTS05	152.10	152.50	0.4m @ 69.40 g/t Au	69.40

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DTS02	59.00	59.50	0.5m @ 5.51 g/t Au	5.51
DTS02	65.00	66.20	1.2m @ 1.94 g/t Au	1.94
DTS02	85.00	86.50		2.00
DTS02	86.50	87.50	2.5m @ 1.98 g/t Au	1.94
DTS02	104.50	105.50	1.0m @ 16.0 g/t Au	16.00
DTS03	80.00	81.00		1.27
DTS03	81.00	82.00		5.94
DTS03	82.00	83.00	3.0m @ 2.74 g/t Au	1.01
DTS03	107.80	108.30	0.50m @ 4.88 g/t Au	4.88
DTS03	110.60	111.20		0.93
DTS03	111.20	112.30		19.60
DTS03	112.30	113.30		18.00
DTS03	113.30	114.00		0.05
DTS03	114.00	115.00		0.24
DTS03	115.00	115.50		2.14
DTS03	115.50	116.50		0.40
DTS03	116.50	117.50	6.9m @ 6.14 g/t Au	0.51
DTS03	148.20	148.60	0.4m @ 1.23 g/t Au	1.23
DTS04	69.10	70.00		5.30
DTS04	70.00	71.00		0.00
DTS04	71.00	71.90		0.12
DTS04	71.90	72.40		5.68
DTS04	72.40	73.00		0.69
DTS04	73.00	74.00		0.06
DTS04	74.00	74.60	5.5m @ 5.07 g/t Au	32.80
DTS05	70.80	71.55	0.75m @ 5.44 g/t Au	5.44
DTS05	97.60	98.30	0.7m @ 1.84 g/t Au	1.84
DTS05	105.90	106.55		1.50
DTS05	106.55	107.50	1.6m @ 1.62 g/t Au	1.70
DTS05	150.20	150.65	0.45m @ 1.38 g/t Au	1.38
DTS05	150.65	152.10		0.08
DTS05	152.10	152.50	0.4m @ 69.40 g/t Au	69.40

Table 2. Confirmatory Reverse circulation drilling intercepts.

Hole No	From (m)	To (m)	Interval	Av. Au (g/t)
DTSRC03	33	34		6.29
DTSRC03	34	35	2m @ 3.64 g/t Au	1.00
DTSRC04	103	104		0.40
DTSRC04	104	105		0.53
DTSRC04	105	106	3m @ 0.43 g/t Au	0.38
DTSRC05	72	73	2m @ 1.86 g/t Au	2.25
DTSRC05	73	74		1.48
DTSRC05	74	75		0.28
DTSRC05	75	76		0.32
DTSRC05	76	77		0.18
DTSRC05	77	78		0.08
DTSRC05	78	79	7m @ 0.73 g/t Au	0.55
DTSRC09	3	4		1.75
DTSRC09	4	5		0.44
DTSRC09	5	6	3.0m @ 0.97 g/t Au	0.73
DTSRC16	49	50	1m @ 4.97 g/t Au	4.97
DTSRC17	0	1		1.14
DTSRC17	1	2		0.89
DTSRC17	2	3		0.73
DTSRC17	3	4	4m @ 1.13 g/t Au	1.76
DTSRCD2	1	2		0.90
DTSRCD2	2	3		1.68
DTSRCD2	3	4	2.0 @ 2.36 g/t Au	3.04
DTSRCD3	0	1		0.23
DTSRCD3	1	2		0.27
DTSRCD3	2	3		0.28
DTSRCD3	3	4		0.57
DTSRCD3	4	5		0.94
DTSRCD3	5	6		0.97
DTSRCD3	6	7	7.0m @ 0.52 g/t Au	0.41
DTSRC18	69	70	2m @ 0.48 g/t Au	0.52
DTSRC18	86	87		0.97
DTSRC18	87	88		1.59
DTSRC18	88	89	3m @ 1.36 g/t Au	1.53
DTSRC18	102	103	1m @ 3.0 g/t Au	3.00

The information in this report that relates to Exploration Results is based on information compiled by Peter Brown, who is a Member of the Australian Institute of Geoscientists. He is a full time employee of North Queensland Metals Limited. Peter Brown has sufficient experience which is relevant to the style 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 of Exploration Results, Mineral Resources and Ore Reserves". Peter Brown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

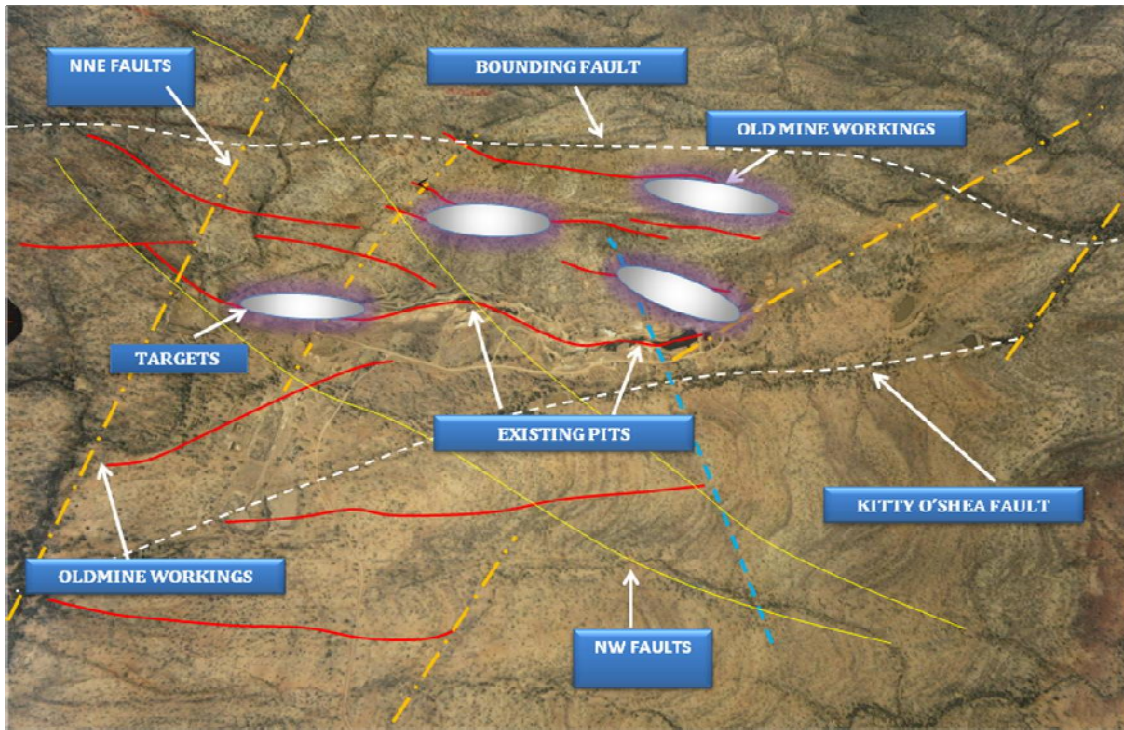


Figure 1. Aerial photo of the Dotswood Project with important targets and location of existing open pits.

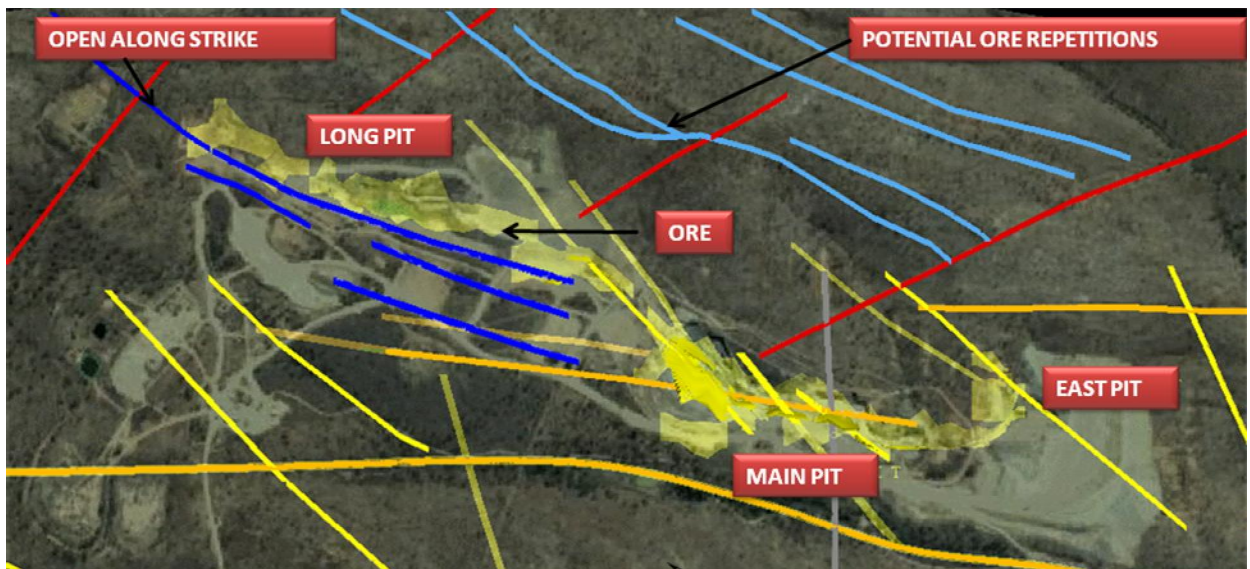


Figure 2. Semi-transparent aerial photo of existing pits and dumps, with superimposed faults and mineralised veins.