

ASX ANNOUNCEMENT

02 July 2009

Investment Data

Issued Shares:
147,179,992

Net Assets (31 December 08)
\$39.3 million

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

Market Capitalisation
\$38 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 develop 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.

TWIN HILLS ACQUISITION

- To operate as a satellite operation to Pajingo
- Development in place for quick start up
- Next step in regional strategy

North Queensland Metals (NQM) is pleased to announce that the Pajingo Joint Venture (NQM 60% and Manager, with Heemskirk Consolidated 40%) has agreed to acquire the Twin Hills gold operations ("Twin Hills") from Gold One International for the sum of A\$1,750,000. Twin Hills is located 190km by road south of the Pajingo operations.

To listen to NQM's Chief Executive Officer, John McKinstry, discuss the acquisition; please click on the link below

<http://www.brr.com.au/event/58567?popup=true>

The assets to be purchased are

- Tenements: ML 70316, EPM12012, EPM 8693, EPM 4459 and EPM 14585
- Mine Development, predominately the mine decline
- Small amount of plant and equipment

Twin Hills was closed in 2007 by then owners BMA Gold. The mine has a significant drill defined mineralisation target in the order of approximately 800,000 to 850,000 tonnes at 7.0 to 7.5g/t of gold. The potential quantity is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. These numbers should be regarded as conceptual as the Joint Venture partners are currently evaluating existing data which, while JORC compliant, will be subject to review by the new owners before public release.

Capital expenditure is minimal as the project has ready underground access, with a significant proportion of level and decline development already in place. It is fully permitted.

The joint venture partners will embark on a feasibility study based on trucking ore to Pajingo for treatment. This may include additional drilling and subsequent modelling to suit a revised mine plan as a satellite mine. Trials in June have confirmed that the Pajingo mill could process up to 500,000tpa on a single mill, thus allowing approximately 200,000tpa to be brought in from new sources.

(cont...)

The consideration for the acquisition (100%) is to be made in a number of tranches.

Signing Fee	\$200,000	Date of signing
Tranche1	\$300,000	Completion Date
Tranche2	\$500,000	Completion Date plus 3 months
Tranche 3	\$750,000	Completion Date plus 6 months

The completion date is contingent upon primarily the assignment of the tenements

CEO, John McKinstry, commented “This is another step in our strategy of adding value to Pajingo en route to become a mid-tier gold producer. We can build on the base of the Pajingo mine, and increase gold output by utilising the extra capacity available in the Pajingo mill to treat ore obtained outside the original leases.”

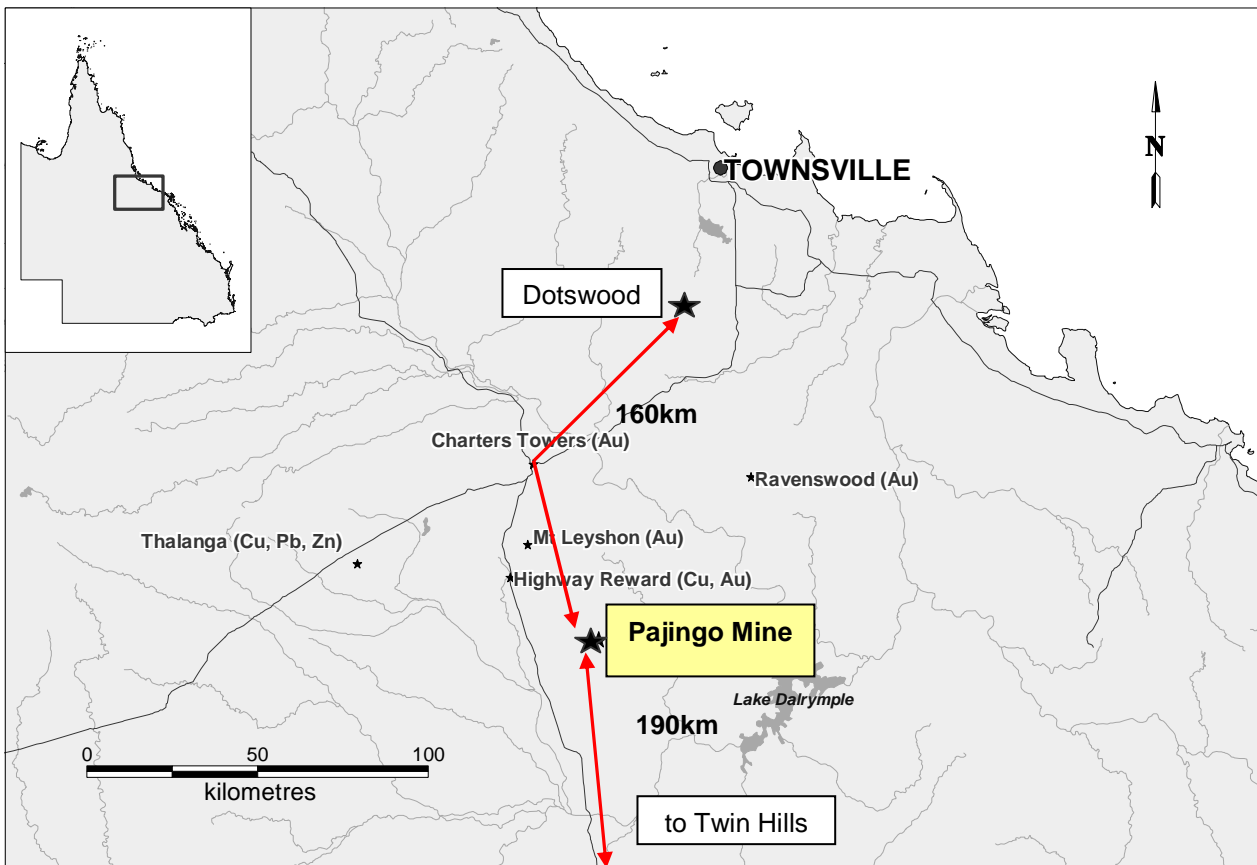
John D McKinstry

Chief Executive Officer

Dated 2 July 2009

North Queensland Metals Limited

Email info@nqm.com.au



Location Map

The information in this report that relates to Mineralisation Target is based on information compiled by John McKinstry, who is a Member of the Australasian Institute of Mining and Metallurgy. He is a full time employee of North Queensland Metals Limited. Mr McKinstry 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”. Mr McKinstry consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.