

INVESTMENT DATA

ASX: NQM

Issued Shares:
199,621,272

Interim Dividend Paid FY2010
0.5 cents per share

Market Capitalisation
\$63 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 in, and is the manager of the Pajingo Gold Mine near Charters Towers. The Pajingo partnership has acquired the former Twin Hills mine for which it has plans to operate as a satellite mine to boost production from Pajingo to over 100,000oz pa. NQM aims to expand its operations and is looking to expand its gold interests in the Drummond Basin.

In addition to its gold operation, North Queensland Metals has an interest in partnering to develop the Baal Gammon copper/tin mine in the Herberton area. The mineral field includes historic tin and base metal mines with rich credit metals such as silver and indium.

STRONG PROFIT AND CASH PERFORMANCE FORECAST FOR FY2011

HIGHLIGHTS

- Strong FY10 EBITDA performance up 27% to \$16.3m on FY09 EBITDA due to increased cash flow at Pajingo gold mine
- FY10 NPAT impacted by greater exploration, impairment and corporate costs - down 19% on FY09 NPAT to \$4.5m
- Expecting strong net profit turn around in FY11 to \$15.4m based on 70,000 oz target gold production at lower cash costs and conservative gold price estimate AUD\$1,350/oz
- Strong EBITDA growth in FY11 forecast to increase 81% to \$29.5m based on continued returns from expansion of the Pajingo mine coupled with strong gold prices.
- Final dividend for FY2010 on hold as a result of the takeover actions from Conquest and Heemskirk Consolidated Limited.

North Queensland Metals Limited (NQM or the Company) is pleased to announce an expected net profit after tax for year ended 30 June 2010 of approximately \$4.5 million.

The results are yet to be audited and are based upon no impairment or other audit adjustments being recorded on the assets.

The overall result is 19% less than FY2009 profit however NQM's EBITDA has grown from \$12.8 million in FY2009 to \$16.3 million in FY2010 .

Net profit was impacted by deductions for items totalling \$2.7 million (exploration and tenement impairment, corporate costs). EBITDA growth of 27% for FY 2010 demonstrates the continuing strong cash generating performance of the Pajingo joint venture.

NQM CEO John McKinstry said the Directors were pleased to release forecast for FY2011.

"We expect to see strong earnings and profit growth in 2011 on the back of continued investment in the Pajingo mine coupled with strong gold prices," Mr. McKinstry said.

Based on assumptions which the Directors consider to be reasonable (including key assumptions of gold production of 70,000 oz for the year and an average gold price of AUD\$1,350/oz (current spot price \$1,375)) the Directors expect that NQM will achieve a net profit after tax of \$15.4 million for FY 2011.

EBITDA for FY 2011 is also projected to grow by a further 81%, to \$29.5 million (FY 2009: \$12.8 million, FY 2010 \$16.3 million). This healthy forecast for FY2011 is an outcome of continued investment in the development of Pajingo mine coupled with strong gold prices.

Cash costs at Pajingo are expected to fall from \$735/oz of gold production in FY2010 to \$623/oz in FY2011 as a result of:

- The introduction of additional new narrow vein mining equipment
- A progressive move from remnant mining into new mining areas with higher grades
- Economies of scale achieved through the introduction of open pit ore from open pits at Pajingo.

Total costs for the mine (cash costs plus amortisation) will decrease from FY2010 \$955/oz to FY2011 \$791/oz

	30-Jun-10 \$ millions	F'cast 30-Jun-11 \$ millions
Revenue from Pajingo	42.1	57.4
Cost of Sales Pajingo	(31.0)	(33.2)
Gross Profit Pajingo	11.1	24.2
Profit before tax	6.5	22.0
Tax expense	(1.9)	(6.6)
Net profit after tax	4.5	15.4
EBITDA	16.3	29.5

FY2010 numbers are unaudited
EBITDA also includes impairment on projects

Further details of NQM's financial performance in FY2010 and FY2011 will be included in its target's statement responding to Conquest Mining Limited's (Conquest) takeover bid, which is expected to be released to ASX and sent to NQM shareholders on 20 July 2010.

The practice of the board is to provide returns to shareholders through the payment of dividends. As a result of the takeover actions from Conquest and Heemskirk Consolidated Limited, it is not currently possible for the directors to declare a final dividend for FY2010. However absent these constraints, the directors reaffirm NQM's intention to continue to pay dividends out of available profits, subject to the cash requirements of the Company's business. This would include a final dividend for FY 2010.



Neville Thomas

Chairman

Dated: 19 July 2010

North Queensland Metals Limited

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