

27 July 2010

North Queensland Metals Limited
PO Box 291
Level 11
269 Wickham Street
Fortitude Valley Qld 4006

t 1300 308 832
f 07 3666 0510

www.nqm.com.au

INVESTMENT DATA

ASX: NQM

Issued Shares:
199,621,272

Net Assets (31 Dec 09)
\$48.2 million

Interim Dividend Paid FY2010
0.5 cents per share

Market Capitalisation
\$59 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.

FURTHER OUTSTANDING UNDERGROUND DRILLING RESULTS AT ZED REINFORCE BELIEF IN PAJINGO

Highlights

- Intercepts include 3.1m@27.4g/t, 3.3m@25.6g/t, 0.8m@56.4g/t and 4.2m@14.3g/t.
- Continuation of excellent drilling results
- Delineation drilling continues to support Resource estimates
- Gold intercepts re-affirms Board Sub-Committee's view that Conquest takeover offer is inadequate

NQM Shareholders who DO NOT want their interest in Pajingo diluted, should accept the alternative Heemskirk takeover offer

North Queensland Metals (NQM) together with its partner in the Pajingo Joint Venture (NQM 60% and Manager, with Heemskirk Consolidated (HSK) 40%) today released the latest underground drilling results on Zed East and Zed West orebodies.

The results, include high-grade intercepts of 3.1m@27.4g/t and 3.3m@25.6g/t, 0.8m@56.4g/t and 4.2m@14.3g/t confirm that while narrow, the orebodies extending east contain the same very high grade mineralisation that Pajingo is renowned for. These results come on the back of the excellent drilling results announced earlier this month.

Drilling is being conducted from the recently completed access drive on the 767RL and 885RL levels. This development involved an investment of around \$5M in infrastructure which specifically allows for delineation drilling of the Zed Sonia and Bunty, and to provide the platform for extraction of these areas.

Delineation drilling at Zed and Sonia is designed to reduce the hole spacings to approximately 20m x 20m intervals enabling mineralisation to be upgraded from Inferred category to Indicated category. The information gained will also enable optimal positioning of future development.

The results of all recent drilling are in addition to the annual reserves and Resource Statement which was released with the Company's Quarterly results last week. The Company will provide an update of the Reserves and Resources as soon as possible which will include all recent and pending drilling results.

NQM's CEO John McKinstry said, "Having had to wait for access to be completed, it is pleasing to see a steady flow of outstanding results, ranking amongst the best released by any Australian gold mine within recent years. These results boost confidence and allow planning and scheduling to proceed with confidence."

NQM's Chairman Neville Thomas said, "Today's drilling result further reaffirms our view that the Conquest takeover offer is inadequate and does not capture the true value of Pajingo.

"A number of our shareholders want full exposure, not dilution, to the Pajingo gold story, and only the Heemskirk offer can provide that."

John D McKinstry
Chief Executive Officer
27 July 2010

Media Contacts
Peter Brookes - Citadel
(02) 9290 3033

LOCATION	HOLE ID	FROM	TO	Down Hole Intersection m	Au g/t
Zed West	2010_31	66	67.6	1.6	8.02
	2010_32	74	77.3	3.3	25.6
	2010_33	23	27.2	4.2	2.4
	and	29.4	32	2.6	5.7
	2010_34	28.2	31	2.8	4.4
	and	87.9	91	3.1	27.4
	2010_35	89	90	1	3.65
	2010_36	94.5	96	1.5	2.3
	and	103.6	106.4	2.8	3.7
	2010_39	76.2	77	0.8	56.4
Zed East	0769_04	211.2	215.4	4.2	14.3
	and	231.2	237	5.8	5.4
	0769_05	165.4	168	2.6	1.95
	and	238.7	239.5	0.8	5.6

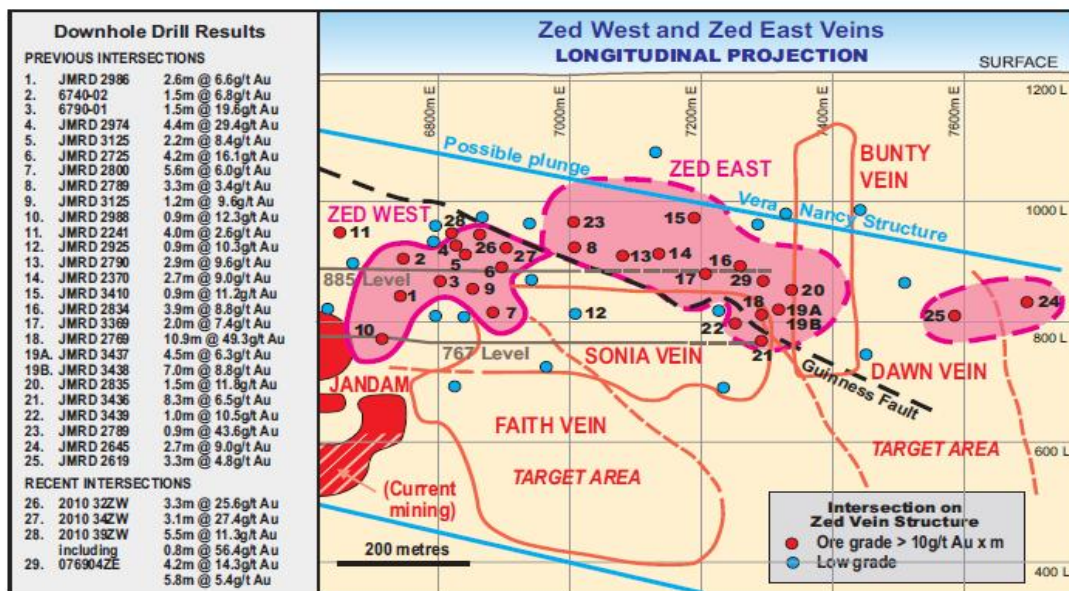
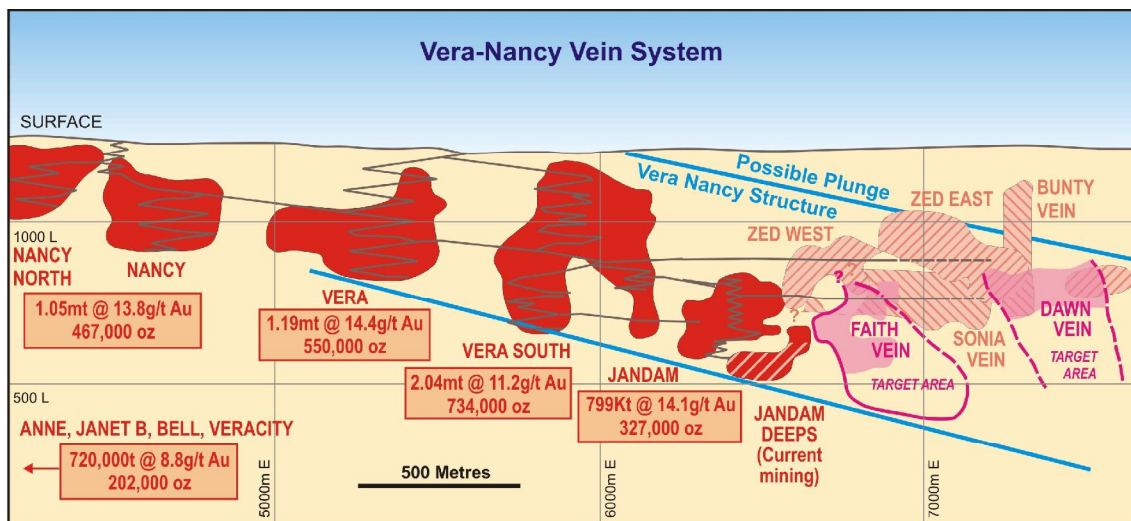


Figure 1 Longitudinal section showing the Zed mineralisations in relation to other mineralised zone in the eastern section of the mine



Total production to May 2009 (excluding Scott Lode, Cindy)
5.86 million tonnes @ 12.2 g/t Au – 2,303,976 ounces.

Competent Person Statement

The information in this report that relates to Pajingo Exploration Data is based on information compiled by George Tahan, who is a Fellow of the Australian Institute of Mining and Metallurgy. At the time of production Mr Tahan was a part-time employee of North Queensland Metals Limited. Mr Tahan 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 Tahan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.