

# QUEENSLAND GOLD & MINERALS

31 March 2009

## QUARTERLY REPORT TO 28 FEBRUARY 2009

### QUEENSLAND GOLD AND MINERALS LTD

**ASX Code : QGM**

**Issued Capital (28/02/2009):**

**59,819,167 Shares issued**

**59,819,167 Shares listed**

7,500,000 Unlisted Directors and Broker  
Options (options escrowed if exercised)

**547 shareholders**

**Top 20 shareholders:-**

Hold 69 % of Listed Shares

**Directors:**

Mr David Barwick – *Chairman*

Mr Andrew Gillies- *Director*

Mr Adrian Day- *Director*

Mr John Nethery – *Director*

Mr Theo Psaros – *CFO/Company Secretary*

**Largest Shareholders:**

Angus & Ross plc 24.52 %

Metallica Minerals Ltd 12.88%

Nedex Pty Ltd 5.74%

**Cash Balance**

As at 28 February 2009, QGM's cash balance was approx \$0.23 million.

## HIGHLIGHTS

- Metallica Minerals Limited (ASX:MLM) acquired a strategic stake in QGM to add to its considerable mineral property portfolio and focus within the Queensland sector.
- MLM acquired 7,702,500 shares @ 0.75 cents per share for \$57,768 and subject to statutory and QGM shareholder approvals, to provide up to a further \$292,231 (38,964,133 shares at 0.75 cents per share) in convertible debt funding to QGM.
- David Barwick was appointed Chairman of QGM along with Andrew Gillies as Director following MLM's strategic investment.
- An agreement was formalised with gold mining major, Newmont Exploration Pty Limited to fund further exploration on the Malcolm Creek gold project.
- QGM is currently negotiating a joint venture agreement on its Warroo property near Stanthorpe in Queensland.
- Desktop studies continued on QGM's other tenements in the Cloncurry, Georgetown and Stanthorpe districts.
- Exploration activities have been significantly reduced during the quarter due to the combination of a severe downturn of metal markets, an exceptionally wet northern monsoon season and to conserve QGM's cash position.
- Mega Uranium, Georgetown withdrew from uranium exploration on the Buchanan's Creek EPM 13694 and Werrington EPM 14128 projects.

## MALCOLM CREEK – Gold Project (80 km south Georgetown)

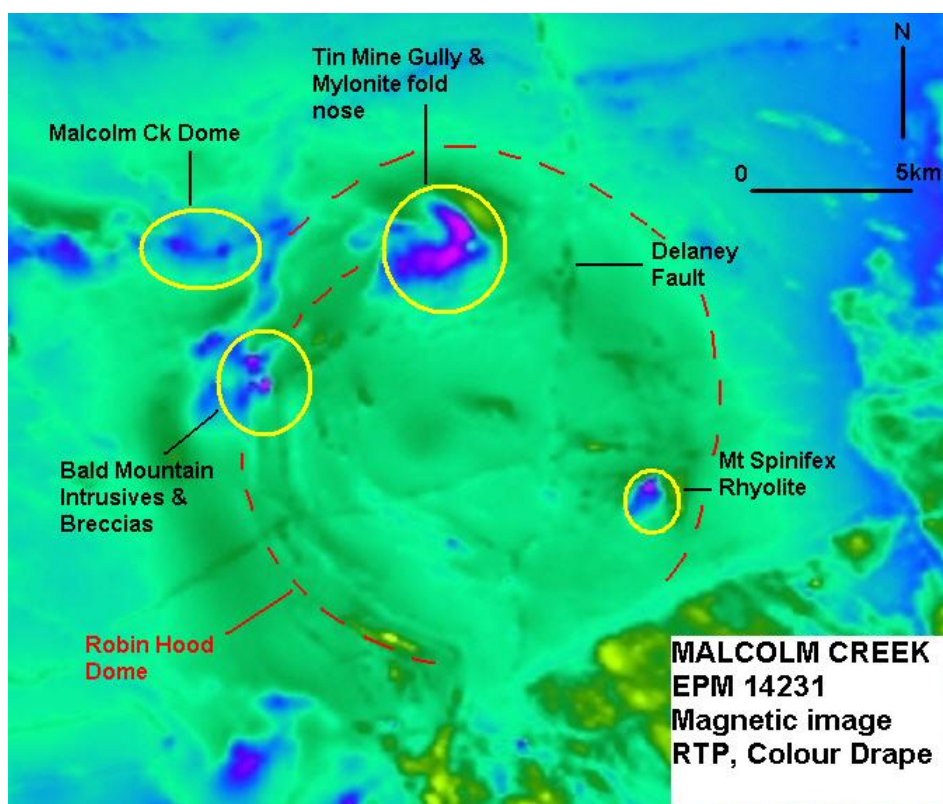
- **Malcolm Ck EPM 14231, EPMA 17739 – Gold bearing breccias, porphyry and quartz vein swarms similar style to the Kidston gold deposit.**

A formal agreement was signed with **Newmont Exploration Pty Ltd** to fund further exploration on the Malcolm Creek project. Newmont will conduct a minimum initial \$250,000 exploration program within one year of signing the Farm-in Agreement, which will form part of the earn-in expenditure of up to \$2 million to earn an interest of up to 70% over four years. QGM retains the right to contribute in proportion to its equity at decision points of 51%: 49%, 60%: 40%, and 70%: 30%. If QGM fails to contribute at these equity positions, Newmont may then spend an additional \$1 million for a cumulative expenditure of \$3 million to earn equity of 80%.

Newmont commenced desktop studies preparatory to the 2009 field season.

Three substantial targets are defined:

1. The **Bald Mountain** prospect is a gold-bearing volcanic porphyry and breccia system that covers a total surface area of 6 km<sup>2</sup>;
2. The **Malcolm Creek** target is a 2 km<sup>2</sup> domed sheet of quartz mylonite rock with associated strongly anomalous gold and tungsten; and
3. **Tin Mine Mountain** is a major structural culmination of quartz mylonite covering about 2 km<sup>2</sup>, with an anomalous concentration of tin, gold and tantalum mineralisation, including minor past alluvial tin production.



## **BUCHANANS CREEK PROJECT (40 kilometres southwest of Georgetown)**

- **Buchanan's Creek EPMs 13271, 13694, 14224, EPMA 14988 - Rare metal (tantalum-niobium-tin-lithium) in greisens and pegmatites with affinities to Greenbushes and Wodgina.**

Bulk testing for tantalum, niobium, tin, and gold is planned for the 2009 season following the granting of a mining lease at **Grant's Gully**, which also involves negotiation of agreements with landowners and traditional owners.

Reconnaissance follow-up of regional geochemical sampling programmes is planned to continue especially in the vicinity of four tantalum, tin and lithium bearing pegmatite bodies in the **Buchanan's Creek** area that produced encouraging drilling results in 2007.

## **WARROO PROJECT (60 kilometres west of Stanthorpe)**

- **Warroo EPM 13831 - Disseminated gold-copper mineralisation in a potential buried porphyry system target**

The company is currently negotiating a joint venture agreement on this property, and is awaiting confirmation of variation to tenure from Department of Mines and Energy before signing. Should this agreement be signed, it is planned to conduct 800 metres of Reverse Circulation percussion drilling.

## **EVELEIGH (60 kilometres east of Georgetown)**

- **Eveleigh EPM 13744 - Bulk low grade tin and gold mineralisation in mica greisens resembling the Ardlethan and Timbarra deposits.**

Two zones of strongly anomalous tin in rock chip samples in areas of sparse greisen outcrop were reported previously. A one square kilometre area, the **BD** prospect, contains 54 rock chip samples which averaged 0.1% tin and a 0.5 square kilometre zone.

**Kelly's End South** prospect contains 19 rock chip samples which averaged 0.25% tin. Soil sampling on 50m x 50m grids showed two strongly anomalous tin zones each covering about 5 hectares in the BD zone and one zone of about 3 hectares in the Kelly's End South zone. The tin targets are haloed by modest gold zones tested by previous QGM RC drilling. KEDH 6 intersected 13m from 3m at 0.11g/t gold, 11g/t silver, 505ppm bismuth and 80ppm tin.

## **SUNDOWN (30 kilometres southwest of Stanthorpe)**

- **Sundown EPM 16961 - Tin-bearing quartz vein stockworks that might represent a bulk low grade open pit tin operation.**
- Sundown is a tin-bearing zone of alteration covering some 2 square kilometres. Extensive previous exploration data from the early 1980s programmes by BHP and Shell was converted to a computerized GIS format preparatory to further assessment.

## **GEORGETOWN AREA URANIUM (40 km SW & 140 km SE of Georgetown)**

**Mega Georgetown Pty Ltd** (Mega), a subsidiary of Canadian listed Mega Uranium Inc has withdrawn from QGM's **Buchanan's Creek** and **Werrington** projects involving EPMs 13694, 13271, 14128 and 14224 and EPMA's 14988 and 16148 in the Georgetown region.

Mega had proposed drilling a target in the **Buchanan's Creek** EPM 13694 but this was abandoned due to close proximity to a sandstone cave containing traditional aboriginal paintings.

## **WALWA (40 kilometres west of Corryong, Victoria)**

QGM withdrew from exploration of the Walwa project where a diamond core drilling programme had been planned on the old **Walwa Tin Mine**. This action was prompted by the collapse of the international tin price by some 50% in the past six months and also to focus on QGM's Queensland geographic location.

## **PROPOSED WORK PROGRAMMES TO 31 MAY 2009**

The following exploration programmes are envisaged, subject to sufficient funding being available:

- Grant's Gully & Buchanan's Creek – Refurbishment of test plant for bulk testing.
- Malcolm Creek – Detailed surface rock chip sampling.
- Eveleigh – Check mapping on anomalous tin areas.
- Sundown – Data compilation and assessment.

Adrian Day  
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Queensland Gold and Minerals Limited  
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In accordance with Listing Rules 5.10, 5.12 and 5.1 of the Australian Stock Exchange Limited, technical information contained in this report has also been compiled by Mr. Adrian Day BSc (Geol), MAIG, MSEG, MGSA and Queensland Gold and Minerals Ltd, Exploration Manager, Mr John Nethery B.Sc (Geol), Dip Education, CP (Geo), Fellow AusIMM, FAIG, FSEG, MGSA who are competent persons and members of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Day and Mr Nethery have relevant experience to the mineralisation being reported on to qualify as Competent Persons as defined by the Australasian Code for Reporting of Minerals Resources and Reserves. Mr Day and Mr Nethery consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

## Tenement Details as at 28 February 2009

<i>Tenement</i>	<i>Project Name</i>	<i>Registered Holder</i>	<i>Status</i>	<i>Date of Grant</i>	<i>Number of Sub-Blocks</i>	<i>Commodity</i>	<i>Minimum Expenditure</i>
EPM 13271	Grants Gully	QGM 100%	Granted Renewal lodged	18/7/2001	5	Tantalum Gold, Tin	\$40,000
EPM 13694	Grants Gully	QGM 100%	Granted Renewal lodged	3/12/2002	12	Tantalum Gold, Tin	\$75,000
EPM 14224	Grants Gully	QGM 100%	Granted	30/7/2004	7	Tantalum Gold, Tin	\$25,000
EPM 14988	Grants Gully	QGM 100%	Appln (07/02/05)		5	Tantalum Gold, Tin	\$20,000
EPM 13744	Eveleigh	QGM 100%	Granted Renewal lodged	3/12/2002	20	Gold, Tin	\$50,000 pa
EPM 14231	Malcolm Creek	F H Skerritt 50% S B Terry 50%	Granted	26/8/2004	17	Gold	\$50,000
EPM 16961	Sundown	QGM 100%	Granted	11/2/2009	16	Tin	\$85,000
EPM 13831	Warroo	QGM 100%	Granted	14/5/2003	50	Gold Copper	\$60,000
<b>Mining Lease</b>	<b>Project Name</b>	<b>Registered Holder</b>	<b>Status</b>	<b>Date of Grant</b>	<b>Area hectares</b>	<b>Commodity</b>	<b>Minimum Expenditure</b>
MLs 2764	Top Camp	QGM 100%	Granted		407	Gold	N/A
ML 2785	Top Camp	QGM 100%	Granted			Copper	
ML 2786	Top Camp	QGM 100%	Granted				
ML 2792	Top Camp	QGM 100%	Granted				
ML 3311	Grants Gully	QGM 100%	Granted		96	Tantalum	N/A
ML 30123		QGM 100%	Granted			Gold, Tin	
MLA 30208		QGM 100%	Application				
ML 1035	Rutherfords Table	QGM 100%	Granted		244	Gold	N/A
ML 1060		QGM 100%	Granted				