

INVESTMENT DATA

ASX: NQM

Issued Shares:
199,621,272

Net Assets (31 Dec 09)
\$48.2 million

Net Profit after Tax (half year to 31 Dec 09)
\$1.1 million

Interim Dividend Paid FY2010
0.5 cents per share

Market Capitalisation
\$53 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.

NQM BOARD CONSIDERS CONQUEST MINERALS' OFFER TO BE INADEQUATE.

As shareholders will be aware, Conquest Minerals (Conquest) has made an unsolicited Offer to acquire all of the issued shares in North Queensland Metals (NQM) by way of an off-market takeover. The Offer is 0.5 Conquest shares plus 10 cents for every NQM share.

The Offer is conditional on 90% minimum acceptance and it contains a number of other conditions.

Conquest has entered into a pre-bid acceptance agreement with Mr Don Walker, a director of NQM, in respect of approximately 19.9% of NQM's shares. As previously advised shareholders should not infer from Mr Walker's actions any support for the proposed Offer by other members of NQM's board (the Non-conflicted Directors).

On the basis of their preliminary consideration of the Offer, the Non-conflicted Directors consider the terms of the proposed Offer to be inadequate.

NQM is the 60% owner and the operator of the Pajingo gold mine and it has invested heavily in the reconfiguration and development of the mine since acquiring it from Newmont. The operation is well placed to benefit from a strengthening gold price which exceeds A\$ 1,400 per ounce at present, compared to Pajingo's total cost of production which was A\$ 953 / oz for the quarter ending 31 March 2010. Analysts continue to forecast a positive outlook for gold in a time of global financial uncertainty.¹

NQM has built a top class mining team at Pajingo, which is well on the way to restoring the mine to its former status as one of Australia's premier mining operations. NQM has also made significant advances in exploration in the past six months and the Non-conflicted Directors have great confidence in the future of the Pajingo Mine.

By contrast to the well-established and producing operation at Pajingo, the sole mineral asset of CQT is the refractory polymetallic Silver Hill Project which is yet to be developed.

¹ May 28 (Bloomberg) -- Gold may climb to US\$1,500 an ounce this year should investors continue to be concerned that Greece's debt crisis may spread through Europe, Citigroup Inc. commodity analyst Alan Heap said. "Certainly US\$1,500 an ounce is possible," Heap said. "Gold's rallying despite dollar strength and it's rallying because investors are once again concerned about sovereign risk."

NQM has appointed Neuchatel Partners, Terrain Capital and McCullough Robertson as advisers in relation to the Offer.

NQM's directors will provide their formal recommendation as to whether shareholders should accept or reject the Offer and the reasons for that recommendation in the company's target's statement, which shareholders should receive approximately two weeks after receiving a hard copy of Conquest's bidder's statement.

NQM shareholders should not take any action in respect of the Offer until they have received and carefully considered NQM's target's statement.

For further information please contact **Jonathan Loraine, Neuchatel Partners Ph: 0419 643 200.**



Neville Thomas

Chairman

Dated: 7 June 2010

North Queensland Metals Limited
