

Additional resources at Twin Hills Project

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KEY POINT

- ▶ New resource for Lone Sister Deposit at Twin Hills Project adds another 120,000 oz

Pajingo Joint Venture (Heemskirk Consolidated 40% : North Queensland Metals 60%)

The Pajingo Joint Venture has been conducting a successful resource evaluation program at the Twin Hills Project located 190km by road south of the Pajingo mining operations. A resource of 307,000 oz gold was recently announced to the ASX for the main 309 Deposit (10 December 2009). Drilling is continuing at the 309 Deposit to upgrade further the resource for potential mine evaluation purposes. Mineralisation at the Lone Sister deposit, approximately 7 kms south of the 309 Deposit has been evaluated. A resource of 1.016Mt grading 3.7g/t for 120,000 oz gold has been defined. This is in addition to the resource inventory of the 309 Deposit.

The following table of resources at the Twin Hills Project indicates that the Joint Venture now has 427,300 oz gold resources defined in various categories.

Table 1: - Twin Hills Project Reserves

309 Deposit					
Category	Mt	Grade Au	Ounces Au	Grade Ag	Ounces Ag
Indicated	2.25	2.4	170,200	3.8	274,400
Inferred	1.44	3.0	137,100	2.3	106,600
Total	3.69	2.6	307,300	3.2	381,000
Lone Sister Deposit					
Measured	0.54	4.1	71,000	6.1	105,000
Indicated	0.28	3.4	31,000	5.0	45,000
Inferred	0.20	2.8	18,000	3.6	23,000
Total	1.02	3.7	120,000	5.3	174,000
Total Resource – Twin Hills					
Total	4.71	2.8	427,300	3.66	555,000

When the Pajingo Joint Venture acquired the Twin Hills Project, it included a database containing information on the considerable amount of drilling undertaken by previous owners of the project; including drill hole collar information, down hole surveys, gold and silver assays and geological logging of each drill hole. At Lone Sister, the Resource calculation was based on assays from drill holes and mapping data interpreted on cross sections spaced from five to 10 metres apart. A

total of 52 drill holes have been used. The Resource has been modelled in four domains. The grade of the deposit has been interpolated using ordinary kriging in 5m x5m blocks. The Resource, at a 2.0 g/t cut off grade, is estimated to contain 120,000 ozs gold and 174,000 oz silver.

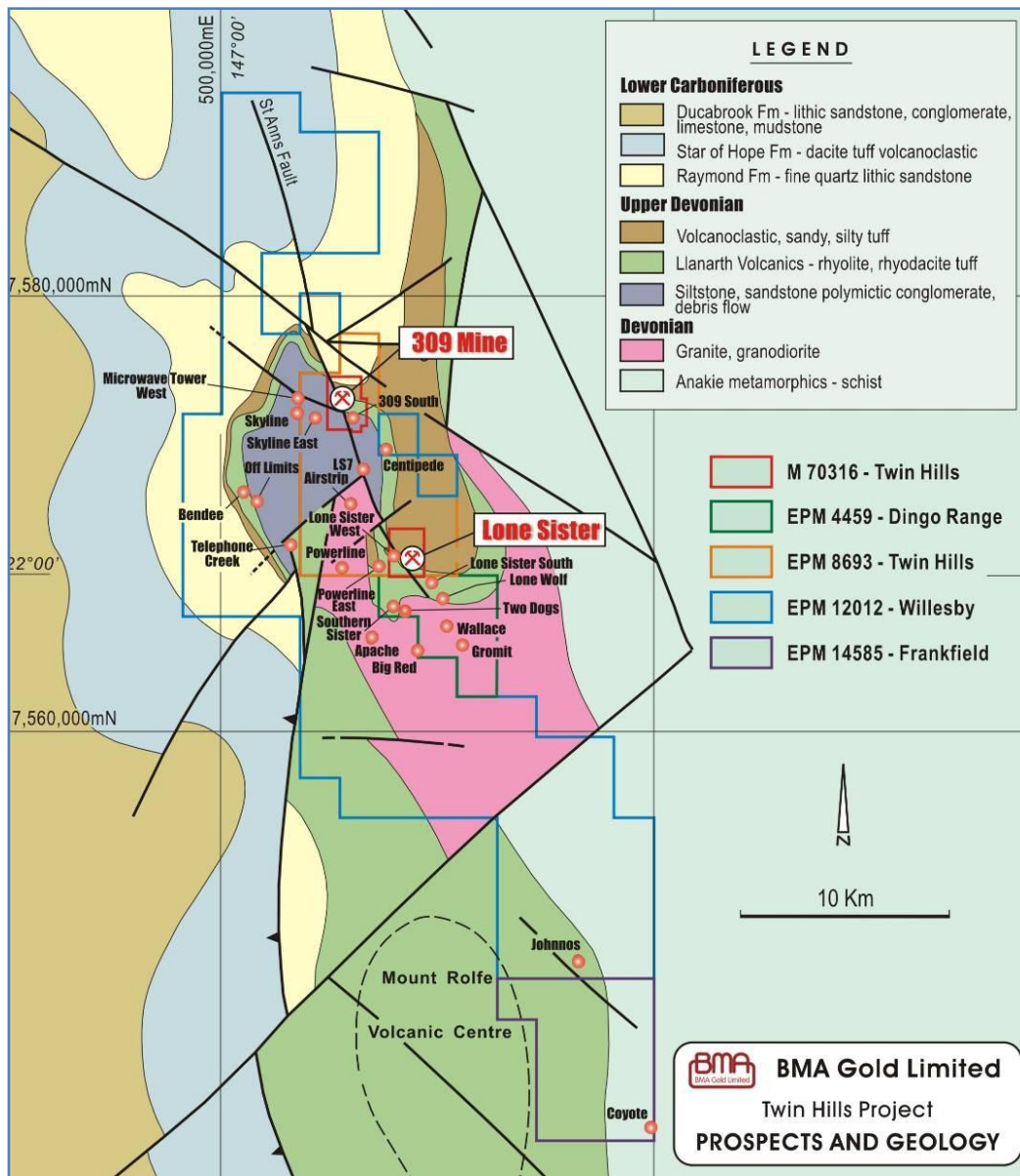
Unlike the 309 Deposit, the Joint Venture has not applied any mining evaluation criteria. It is likely that further drilling will be undertaken in the future to test extensions to the deposit

and to further define the ore for evaluation purposes.

The Pajingo treatment plant has capacity over and above the current mine production to process around 300,000 tonnes per annum of additional ore.

Based on the original purchase price, the acquisition cost per gold resource oz for the Twin Hills Project is \$4.10/oz gold.

Figure 1: - Location relative to 309 Deposit showing local geology



Note – EPM lease boundaries not current

Figure 2: - Lone Sister Resource Domains

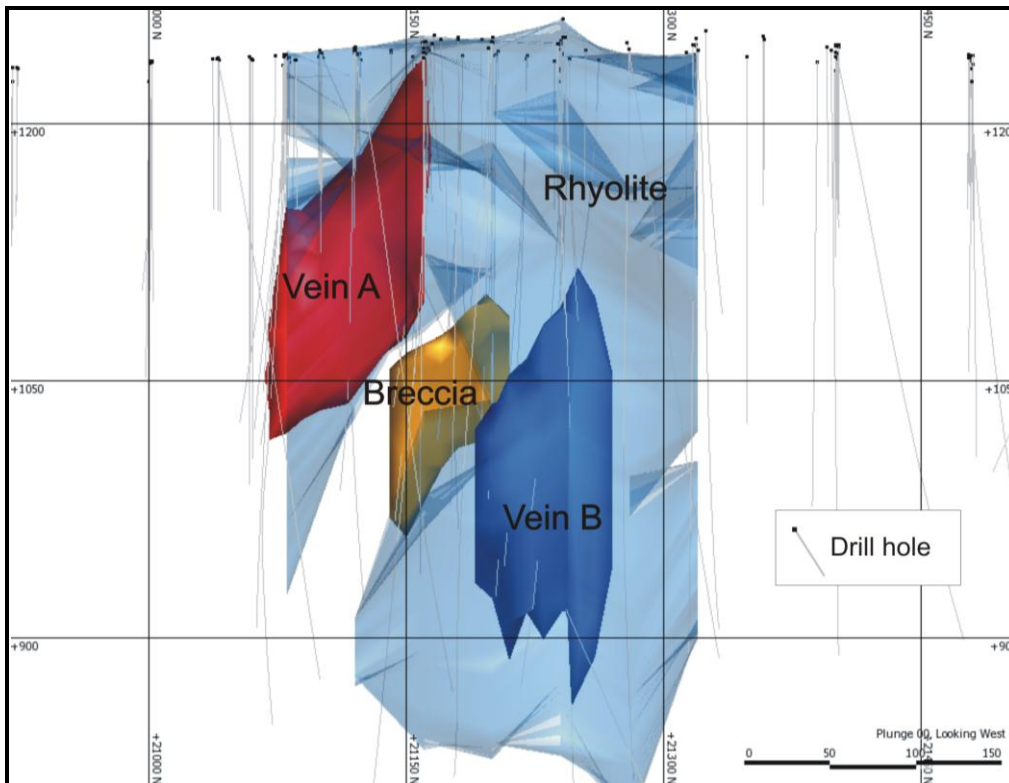
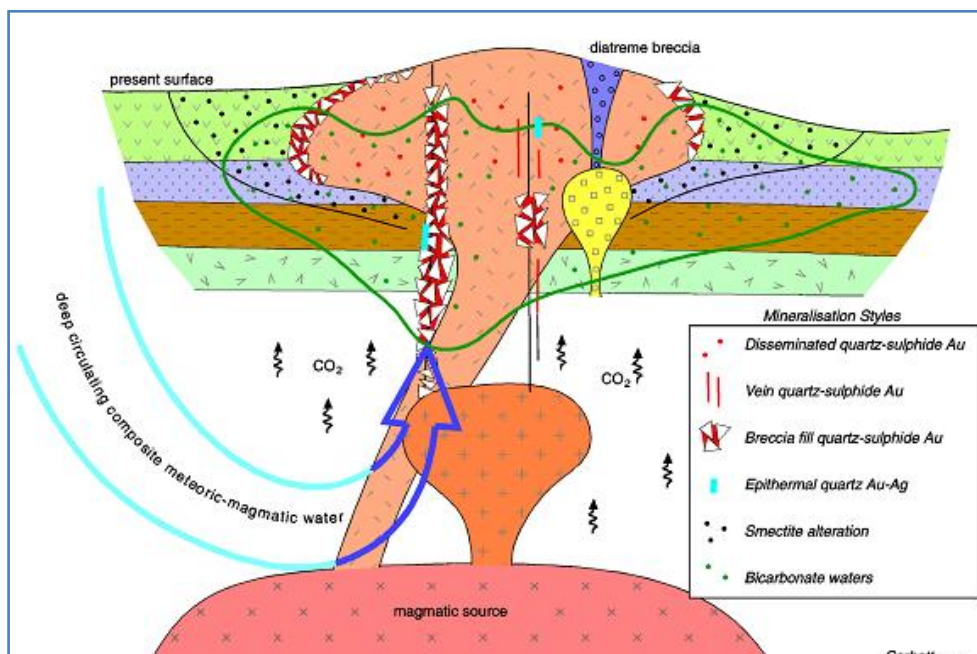


Figure 3: - Lone Sister Schematic Orebody Model



The information in this report that relates to Mineral Resources on the Twin Hills project is based on information compiled by Mr Peter Brown, who is a Member of Australian Institute of Geoscientists. He is a full time employee of North Queensland Metals Limited Mr Brown 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 Brown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.