

The ***Duchess – Tick Hill*** belt is prospective for Iron Oxide Copper-Gold (IOCG) mineralisation characterised by the Osborne and Ernest Henry copper-gold deposits. Post production history of the ***Duchess Mine*** was 204,690 tonnes yielding 25,405t Cu (12.4%Cu), 76.133Kg Au (0.37g/t); ***Trekelano Mine*** was 187,909 tonnes for 20,468t Cu (10.9%Cu), 368.9Kg Au (1.96g/tAu) and ***Tick Hill Mine*** produced 706,000 tonnes for 15,900Kg Au (22.52 g/t). Any of these mined deposits would be a “Company Maker” for Pegmont Mines on account of their high grade.

It is our intention for Queensland Copper Mines, to build a presence in the Duchess region, and to explore for economic copper-gold deposits.

### **Pegmont Pb – Zn deposit**

The Company retains 100% interest in the Pegmont lead-zinc deposit and surrounding tenements. Previous exploration has delineated an estimated resource of 8.3 million tonnes averaging 7.75% Pb and 3.46% Zn containing 643,200 tonnes of lead and 287,400 tonnes of zinc. This resource tonnage, calculated by Behre Dolbear Australia Pty Ltd in 1997 was estimated as follows:

Inferred: 4.6 Mt @ 8.07% Pb, 3.22% Zn

Indicated: 3.7 Mt @ 7.35% Pb, 3.77% Zn

Pegmont is a “Broken Hill – type iron oxide lead-zinc deposit, probably formed initially as a syngenetic deposit in a fault-bounded marine sub-basin. Geochemical and geophysical anomalies show that the mineralised system extends over a total strike length of at least 8km of which only 2km has been drill tested in some detail.

Financial spreadsheet studies indicated that the Pegmont deposit is sub-economic at current tonnages, grades and metal prices using traditional pyro-metallurgical recovery technology to produce lead and zinc metal. However, since our acquisition during 1996, technology has moved on. There are now several hydro-metallurgical processes, which could be sufficiently advanced to offer the possibility of producing metal on site at a significantly reduced cost. It is our intention to reassess this technology and its application to the Pegmont oxide and sulphide mineralisation, during the next six months. Also, a geological review of the deposit is under way in order to consider of resource proving drill program during 2005.

### **Other Resource Opportunities**

The Company is prepared to consider diverse investment opportunities in the resource industry that may open up new areas of corporate growth and attract new investors to our share register. The enhanced financial position of the Company will enable seed capital participation in the current resource boom. We are not interested in exploration plays (as we can do that ourselves) but in more advanced resource proving / value adding investment situations that may result in near term production.

### **Financial Position at 30 September 2004**

The un-audited financial position of the Company at 30 September 2004 has improved significantly. Current assets total \$4,291,148 including cash at bank and on deposit of \$2,500,000. These funds have been placed on short-term deposit with the ANZ Banking group Ltd, the Company’s bankers.