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ChongHerr

INVESTMENTS LTD

Manager Company Announcements
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INVESTOR UPDATE

Chongherr Investments Ltd is pleased to provide the following information to the market.

Following on from the repayment of a long term, major trade debtor announced to the market earlier this year the company has been able to commit funds to capital expenditure at its sandstone quarry in Helidon, Queensland.

This capital expenditure has led to increased levels of sandstone production and increased sales of various sandstone products into the domestic marketplace. In addition to Chongherr's own production, increased sub-contractor activity at the company's sandstone quarry has also contributed to a more stable positive cash flow position. Demand for export quality dimensional sandstone blocks from the company's long established Chinese distribution network remains firm with good levels of orders in hand.

The increased cash flow and positive outlook has enabled the company to explore further investment opportunities that take advantage of the Board of Directors' strong business networks in China and the company's Australian assets.

Discussions with a number of parties in China has resulted in the company recently sending a small amount of mineral samples from its existing mining lease areas to China to test for any likelihood of rare earth deposits. The testing was carried out at the GuangDong Provincial Material Testing Centre, a body that is accredited by The P.R. China Land & Resources Ministry to conduct material testing. The results of this very small sample have justified a further comprehensive study of the company's mining lease and mining exploration permit areas to identify any potential rare earth resource. This

further study will be undertaken over the coming months. It must be stressed that these tests are very preliminary and exploratory in nature, the Board of Directors will keep the market informed of further test results as and when they become available.

The Board of Directors wishes to inform investors and the marketplace that they will continue to look for investment opportunities in China as well as Australia and these investments will not be limited to the mining and resource sector alone.

Yours truly,

A handwritten signature in blue ink, appearing to read '刘德辉' (Liu Dehui).

Dehui Liu
CEO / Chairman
ChongHerr Investments Limited