

Chairman's Letter

Dear Shareholder,

Board and Management Restructuring

On behalf of the Board of Directors of Queensland Industrial Minerals Holdings Ltd and Queensland Industrial Minerals Pty Ltd, I wish to advise the new appointments of Mr Harry Mavrolefterou, Mr Felix Cheung and Mr Yi Wei Shi to the Board of both companies.

Following the retirement of Mr John Goody, Mr Anthony Casey and Mr Trevor Brown, the Board believes that the restructuring of the Board & Management is essential to restore strong corporate governance within the companies. The company is pleased to announce that the Board has made the following changes with immediate effect:

- Mr Jing Ze (David) Li has been appointed as the Chairman and Executive Director of both Companies.
- Mr Harry Mavrolefterou has been appointed as a Non-executive Director of both companies.
- Mr Felix Cheung has been appointed as a Non-executive Director of both companies.
- Ms Yi Wei Shi has been appointed as a Non-executive Director of both companies.

The Board would like to thank Mr John Goody, Mr Anthony Casey and Mr Trevor Brown for their hard work, dedication and leadership in the past. Mr John Goody, Mr Anthony Casey and Mr Trevor Brown will continue to play a role in the Company's future as the investors to assist the Company in its ongoing identification, evaluation and development of new exploration projects.

New Board Member Profile

Mr Jing Ze (David) Li – Chairman and Executive Director

Following the completion of a degree in commerce in China and experience working in state owned organisations in China, Mr Li moved to Australia in 1991. He then established several businesses including a joint venture between an Australian company of which he is Managing Director and owner and a state owned firm in Shanghai China. This business has grown rapidly and diversified into several industries including textile manufacturing, trading, real estate and specifically during the last 5 years into the area of supplying minerals into the booming Chinese economy. Mr Li was appointed to the QIM board in early 2007 and brings considerable marketing and management experience with him. His company, Waranga Resources Pty Ltd holds a marketing agreement for a large proportion of the minerals that will be produced from the QIM project.

Harry Mavrolefterou – Non Executive Director

Harry Mavrolefterou has directed and managed his own independent accounting practice specialising in the delivery of strategic business planning, encompassing appropriate tax structures, strategic finance, corporate strategy & development, in addition to operational and financial turnaround procedures for a diverse domestic and international organisations.

With over twenty two years experience as a Public Accountant and Tax Agent, Mr Mavrolefterou is conversant and a well respected fellow of the Institute of Public Accountants in Australia, a member of the Taxation Institute of Australia, and also holds a seat with the Australian Taxation Office Steering Committee in the South Sydney region.

His experience is highly specialised in various mining sectors throughout Australia and holds a strong focus and knowledge in M & A Strategic Advice & the Australia regulatory investment framework for mining sectors.

Mr Felix Cheung - Non Executive Director

Mr. Felix Cheung has high professional qualifications in commerce (major in accounting) and taxation both in China and Australia. He has extensive experiences of working in both professional practice and commerce environments.

He worked as an auditor for the Taxation Bureau in China, was responsible for the tax audits of large companies. Currently, he is a public accounting, taxation practitioner and senior business adviser in Australia. Mr. Cheung has over 28 years of experience in financial investment, management accounting and taxation in relation to senior business. He has been involved in the planning and implementing in connection with cross-border financing arrangements for large construction projects in China, and provided integrated business, financial investment and taxation advisory services to a number of large companies both in Australia and China. He also operates private companies, and was appointed as company director/ company secretary for several investment and finance companies.

His strong financial background, professional qualifications and extensive experiences of working with large Australian and Chinese companies, enables him to play an important role in the financial management and financing arrangement in our company.

Ms Yi Wei Shi - Non Executive Director

MS. Shi was graduated from Peking University of China and had achieved the degree of MBA. Since then she has been working at a global educational institute as a centre manager, because of her dedicated contribution in 3 years, she was awarded as the top 3 managers in the whole group. With respect to her global networking and enthusiasm in management, she was invited to join a large scale minerals trading firm as a marketing manager since 2006, in last financial year, she has achieved a turnover of 3 Billion RMB with the sale of coal and coking product. MS. Shi was appointed as the director in June 2011, who can bring significant marketing networking with her.

Mr Tony Tao – Company Secretary

Tony is a Senior Manager of the HM & Associates. His qualifications include a Post Graduate Master in Accounting, a Bachelor of Science and a Diploma of Financial Services. Tony is also a member of the CPA as well as a member of the Tax Institute of Australia.

Tony has a fine analytical mind and is a superlative communicator. He is bilingual, fluent in both Chinese and English. Although an expert across all areas of the business, Tony specialises in mining Corporate Advice in the areas of across board Taxation, Financial Reporting, Due Diligence, Business Valuations & Business Risk Analysis. His expertise in corporate business and investment structure has served clients well in the past ten years.

Operational Update

The new Board has taken various initiatives to enhance shareholders' value:

- (1) The New Board is aiming the company to be a major producer of ilmenite in Australia.
- (2) The New Board is in ongoing negotiation with a major Chinese Investment Company to become a cornerstone investor in the company and with an off-take agreement to develop and produce ilmenite resources.
- (3) The new Board is also actively pursuing the option of company IPO on ASX. The Board is very pleased with the progress of IPO, and will inform all shareholders the new development in a timely fashion.

The board would like to thank all shareholders for their ongoing support of the company. With the restructuring of Board & Management, the company's focus can now return to delivering shareholders' value in line with its plans. The board would also like to thank the departing directors and officers of the company for their services and wishes them well with their future endeavours.

In conclusion, Board and Management are committed to executing company's strategic plans and are excited about the excellent outlook for the Company and the considerable opportunities that exist to increase its shareholders' value.

Yours faithfully,



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Jing Ze (David) Li
Chairman
5 July 2011