

**21 November 2018**

## **The Chairman's Address to 2018 Annual General Meeting**

On behalf of the AustChina Board, I am pleased to introduce the Company's 2018 Annual Report.

During the year Eastern Gas Holdings Pty Ltd (Eastern Gas) - the operator for the joint venture with AustChina's Surat Gas Pty Ltd - undertook a series of regional technical studies, laboratory analysis and preliminary modelling which resulted in the conclusion that the region exhibits the potential for generation of gas and other hydrocarbons.

The current focus on east-coast gas supply in Australia provided the opportunity for the sale of AustChina's Surat Gas Pty Ltd subsidiary with its petroleum and gas exploration assets at a time when the company did not have funds available to meet the high costs of oil and gas exploration.

The Company negotiated a final price of \$5.1m for the sale of Surat Gas Pty Ltd which completed on 28<sup>th</sup> August 2018, with final settlement being achieved on 28<sup>th</sup> September 2018.

Cash of \$3.1m was received, together with 5% of the issued capital in Sector Projects Pty Ltd (Sector) for \$1million, and a \$1million 1-year 8% Convertible Note secured by tenements held in Sector Projects Australia Pty Ltd, a wholly owned subsidiary of Sector. Sector is a related party to Eastern Gas.

Sector holds several EPM's covering some 900 square kilometres in north west Queensland with copper mineralisation being the primary target. This opportunity allows for the Company to participate in the early stages of exploration of this project and offers the opportunity (but not a right or obligation) for further participation in future capital raisings. The company views copper as a strategic mineral for investment.

The Board continues to monitor the progress of approvals for and final commitment to planned mine and infrastructure developments in the Galilee Basin. Prospects for future development of AustChina's 1.3 billion tonne thermal coal Inferred Coal Resource at the Blackall Coal Project will be improved should rail infrastructure be developed in the region. Coal developments in the nearby Galilee Basin appear to be slowly moving toward fruition.

The Blackall Coal Project remains a medium-term development option. The company is reviewing concepts for on-site utilization of the coal to produce gas from mined coal as an alternative approach to transporting coal to coastal ports.

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The Board was pleased to see the progress of the company's investment in the biogas renewable energy sector with the Utilitas Group Pty Ltd (25.72% AustChina) moving its planned "rapid 10" rollout of bioHub projects in Australia towards financial close. Significant progress is being made on bringing forward the next 8 bioHubs in Utilitas'. The first of these, at Casino in Northern New South Wales, is targeted to service the energy needs of its nearby industries and community. The second project seeks to re-purpose the Bundaberg East Wastewater Treatment plant, through which Utilitas plans to process feedstock such as organic

With regard to the generation of activities linking AustChina in Australia with Hong Kong and China, we continue to liaise with potential investors and business opportunities. It has proven to be a more time consuming path but we remain optimistic we will be successful.

On behalf of the Board, I thank existing shareholders for your continued support and welcome new shareholders to the Company.

I also take this opportunity to thank the Board of Directors for their contribution to the company during the year.

**Anthony Chan**  
**Chairman**