

28 September 2018

ASX ANNOUNCEMENT

SALE OF SURAT GAS PTY LTD – COMPLETED

INVESTMENT IN COPPER PROJECT

On 7 March 2018 AustChina Holdings Limited (**ASX: AUH**) announced that it had signed an Option Deed for the sale of AustChina's 100% owned subsidiary Surat Gas Pty Ltd and the option was exercised on 20 March 2018.

Following further negotiations, a final price of \$5.1 million was agreed and part payment of \$2.1 million was received. The final settlement was to take place no later than today.

The company is pleased to announce that the Parties have now settled the sale of Surat Gas Pty Ltd.

The company has today received a further \$1.0 million cash payment and has agreed to apply the remaining balance of the purchase price to:

- (1) Acquire 5% of the issued capital of Sector Projects Pty Ltd (**Sector**), a Queensland exploration company related to the Purchaser, for \$1.0 million; and
- (2) Acquire a \$1.0m Convertible Note. The Note is for a term of 1 year at 8% interest and is secured by a Tenement Mortgage over 2 tenements controlled by Sector (through a wholly owned subsidiary). Conversion of the Note at the current valuation would result in a 10% holding in Sector for the Company.

Sector holds EPMs 18628, 18644, 18645, and 18647 together with EPMs 26419 and 26463 held in 100% owned subsidiary Sector Projects Australia Pty Ltd. The permits (collectively the Gregory Project) are in North West Queensland with copper mineralisation being the primary target (see map below).

Sector has over the last three years undertaken three ground-based geophysical surveys and a 6-hole diamond drill programme, with more drilling planned in the 2019 exploration season. Sector's strategy is to build on previous interpretations and results of work in the area.

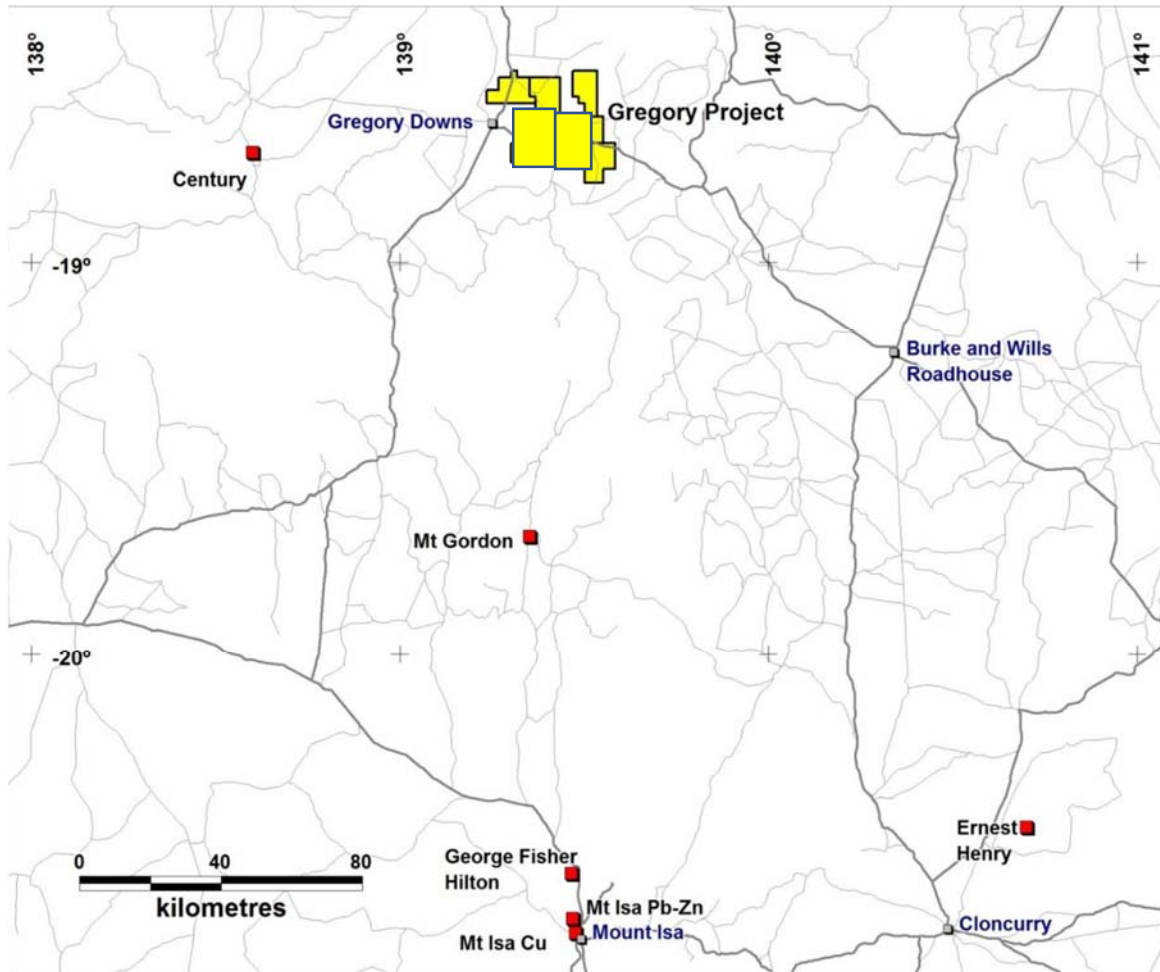


Figure 1: Location of Gregory Project in relation to significant ore deposits, mines and population centres.

This opportunity allows 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 Company would like to thank all shareholders for their support during the Surat Gas sale.

Yours faithfully,

Anthony Chan – Chairman

Further information:

Andrew Fogg – Chief Executive Officer

Bruce Patrick – Chief Operating Officer

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