

30 July 2018

ACTIVITIES REPORT FOR QUARTER ENDED 30 JUNE 2018

ACTIVITIES RELATED TO ENERGY PROJECTS:

Coal Projects

No new field activities have been undertaken at the Blackall Coal Project in the quarter with only desktop activities and management of the permits including statutory reporting being undertaken in this quarter.

The company continues to monitor progress in the potential development of the coal industry in the Galilee Basin that may lead to the improvement of rail infrastructure closer to its Blackall Coal Project in Central Queensland.

Surat Gas

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 (ASX announcement: "AustChina Signs Option Deed for the Sale of Surat Gas Pty Ltd").

On 20th March AustChina announced that it had received notice that the purchaser has exercised its Option under the Option Deed (ASX Announcement: "Sale of Surat Gas Pty Ltd – Buyer Exercises Option").

Three requests for extensions to the Option Deed had been made by the Purchaser and granted by the Board.

The Purchaser advises that they remain committed to the completion of the transaction and as a measure of that commitment has paid a \$100,000 non-refundable advance on the purchase price. Upon completion of the transaction the balance of funds remaining will be Six Million Four Hundred Thousand Dollars (\$6,400,000).

The Conditions Date is now no later than 21 August 2018 and the Completion Date is now no later than 28 August 2018.

Shareholders are cautioned that completion of the transaction is conditional on the purchaser obtaining finance to its satisfaction.

Farm-in and Farm-out Arrangements

Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter – no change from the previous quarter.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter – no change from the previous quarter.

Tenement Portfolio Update

No tenements were relinquished during the quarter. No new tenements were acquired during the quarter.

Mining tenements held at the end of the quarter and their locations are as follows:

TENEMENT	PROJECT	INTEREST	TENEMENT	PROJECT	INTEREST
EPC 1625	Alpha SW 2	100%	ATP 1072	Charleville South	50%
EPC 1719	Barcoo River/Blackall	100%	ATP 1095	Augathella East	50%
EPC 1993	Blackall Sth Corner	100%	ATP 1098	Morven South	50%

CORPORATE ACTIVITIES:

AustChina continues to explore new opportunities in the energy and resources sectors.

AustChina's 25.72%-owned Utilitas Group has made significant progress in Q4 towards developing the first 6 projects in its planned 100 bioHub portfolio. The Project Definition Statement for Bundaberg bioHub has been submitted to project financiers with a view to achieving financial close through September 2018. Anchor tenants for the company's bioHub developments are now willing to pay Utilitas to prepare a business case. Cash-flow projections indicate that Utilitas will be profitable in FY2019. Three new people are expected to be added to the Utilitas team in Q1 FY2019 to support the anticipated growth.

During the quarter ended 30 June 2018, the Company received \$161,000 as an unsecured loan from Treasure Wheel Global Limited (Treasure Wheel), a company associated with Mr Anthony Chan, Chairman of AustChina Holdings.

Yours faithfully,

Anthony Chan – Chairman

Further information:

Andrew Fogg – Chief Executive Officer

Bruce Patrick – Chief Operating Officer