

31 January 2019

ACTIVITIES REPORT FOR QUARTER ENDED 31 DECEMBER 2018

ACTIVITIES RELATED TO ENERGY PROJECTS:

Coal Projects

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.

No new field activities were undertaken at the Blackall Coal Project in the quarter.

The company continues preliminary investigations of concepts for on-site utilisation of mined coal to produce gas and other by-products.

Sector Resources (AUH 5%)

AustChina sees long term potential in the copper sector, to which Sector Resources Pty Ltd provides entry through its exploration activities.

Field activities are expected to continue after the wet season in early 2019.

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 acquired or relinquished during the quarter.

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

TENEMENT	NAME	HOLDING
EPC 1625	Alpha SW 2	100%
EPC 1719	Barcoo River/Blackall	100%
EPC 1993	Blackall Sth Corner	100%

CORPORATE ACTIVITIES:

During the quarter AustChina advised that the \$1.9m Convertible Note issued by AustChina on 8 December 2016 and maturing on 8 December 2018 was successfully negotiated with an extension for \$1.5m of the Convertible Note for a further 6 months and with the remaining \$400K redeemed for cash.

The Utilitas Group Pty Ltd (Utilitas) (AUH 25.39%) successfully designed, procured, installed and commissioned a pilot Continuously Stirred Tank Reactor (CSTR) biogas plant, initially to produce enough digestate for commercial trials of a high value liquid fertiliser product. The Company continues to progress the first two regional bioHub projects, Casino Northern NSW and Bundaberg Qld, through financial close with project financiers. Utilitas also welcomed another new shareholder this Quarter at 60c per share.

Yours faithfully,

Anthony Chan – Chairman

Further information:

Andrew Fogg – Chief Executive Officer

Bruce Patrick – Chief Operating Officer