

31 July 2020

ACTIVITIES REPORT FOR QUARTER ENDED 30 JUNE 2020

Coal Projects

No field activities were carried out during the quarter. The final components of site rehabilitation for the drilling programme carried out in December 2019 at AustChina Holdings Limited's (AUH's) Blackall Coal Project have not yet been completed, however these are expected to be completed in the next quarter.

Analysis of the coal samples from the coring programme, except for coal petrography work, was completed in the quarter.

New lithological, structural and coal quality data has been added to the geological models for the resource.

A revision of the resource status under JORC guidelines has been completed for EPCs 1719 and 1993. On 16 June 2020 AUH announced the results of the revision of its resource status as at 31 May 2020 (ASX: Updated Coal Resource Statement). Tables 1 and 2 from that announcement are included below and provide the updated Summary Coal Resources by Seam, Category and Depth for EPCs 1719 and 1993, respectively.

TABLE1:

Seam Name	Block Area (km ²)	Coal Area (km ²)	Coal Thickness (m)	In Situ Density (g/cc) ⁽¹⁾	Raw Ash (%) ⁽²⁾	Specific Energy (kcal/kg) (a.d.) ⁽³⁾	Specific Energy (kcal/kg) ⁽²⁾	Total Sulphur (%) ⁽²⁾	Inferred Resources (Mt)			
									Subcrop-50m	50-100m	100-150m	Total
F	7.70	6.37	1.2	1.56	35	3090	2640	0.53	10	1	-	11
E	12.23	5.50	2.1	1.42	18	4480	3940	0.37	15	16	-	31
D	15.33	7.70	2.2	1.39	14	4800	4250	0.48	16	27	-	43
C	12.73	5.75	0.6	1.39	15	4880	4180	0.42	1	5	-	6
B	22.48	8.04	0.7	1.43	20	4500	3810	1.21	4	11	2	17
Inferred subtotal for EPC1719									46	60	2	108
Inferred Total for EPC1719												108
Inferred Total for EPC1719 (Rounded)												100

Notes: 1 In Situ Density generated from Ash regression at 25% moisture basis
2 Raw coal quality parameters reported at In Situ Moisture basis (25%)
3. Specific Energy reported at air dried basis
4. Default In Situ Density generated from available laboratory data
5. Default Raw Ash generated from default In Situ Density and ash/density regression

TABLE 2:

Seam Name	Block Area (km ²)	Coal Area (km ²)	Coal Thickness (m)	In Situ Density (g/ cc) (1)	Raw Ash (%) (2)	Specific Energy (kcal/kg) (a.d.) (3)	Specific Energy (kcal/kg) (2)	Total Sulphur (%) (2)	Indicated Resources (Mt)			
									Subcrop-50m	50-100m	100-150m	Total
F	1.91	1.89	1.4	1.52	31	3343	2971	0.67	5.1	-	-	5.1
E	2.83	2.13	0.7	1.44	22	4062	3666	0.34	17.9	2.9	-	20.8
D	2.29	1.27	0.5	1.39	15	4566	4150	0.34	3.4	2.2	-	5.6
C	0.47	0.43	0.3	1.35	10	4994	4551	0.39	0.02	0.4	-	0.4
Indicated Subtotal for EPC1993									26.4	5.5	-	31.9
Indicated Total for EPC1993									32			
Indicated Total for EPC1993 (Rounded)									30			
F	21.20	18.09	0.6	1.48	26	3837	3352	0.57	47	1	-	48
E	43.20	30.60	0.4	1.41	18	4416	3964	0.36	244	25	-	269
D	149.46	70.95	0.4	1.42	19	4334	3898	0.61	300	105	-	405
C	159.49	58.71	0.4	1.41	18	4415	3964	0.41	125	98	<1	224
B	173.57	75.11	1.1	1.43	20	4280	3810	1.31	36	114	9	159
A	56.07	17.67	1.0	1.38 (4)	14 (5)	4790	4290	-	10	17	30	57
Inferred Subtotal for EPC1993									761.86	361.2	39	1162
Inferred Total for EPC1993									1162			
Inferred Total for EPC1993 (Rounded)									1200			

Notes: 1. In Situ Density generated from Ash regression at 25% moisture basis
2. Raw coal quality parameters reported at In Situ Moisture basis (25%)
3. Specific Energy reported at air dried basis
4. Default In Situ Density generated from available laboratory data
5. Default Raw Ash generated from default In Situ Density and Ash/Density Regression

Competent Person's Statement

Rowan Johnson confirms that he is the Competent Person for the Competent Person Report from which the information to be publicly released has been obtained and also confirms that:

- He has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition), the 2014 Edition of the Australian Guidelines for the Estimation and Classification of Coal Resources and the relevant sections of Chapter 5 and Guidance Note 31 from the ASX Listing Rules.
- He is a Competent Person as defined by the JORC Code 2012 Edition, having 35 years of experience that is relevant to the coal types, quality and potential mining method(s) of the deposit(s) described in the Report. In addition, he has 25 years of experience in the estimation, assessment and evaluation of Coal Resources, the activity for which he is accepting responsibility.
- He is a Member of The Australasian Institute of Mining and Metallurgy.
- He has reviewed the Report or Excerpt from the Report to which this Consent Statement applies.

He is a consultant working for **McElroy Bryan Geological Services** and has been engaged by AustChina Holdings Limited to prepare the documentation for the **Blackall Coal Project – Inverness Deposit** on which the Report is based.

In addition:

- He has disclosed to AustChina Holdings Limited the full nature of the relationship between himself and the company, including any issues that could be perceived by investors as a conflict of interest.
- He verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in his supporting documentation relating to Coal Resources.

*He consents to the release of the Report and this Consent Statement by the directors of **AustChina Holdings Limited**.*

30 million tonnes of Indicated coal resource were identified, with the drilling completed in December 2019 confirming the shallow and relatively flat-lying nature of the Inverness Deposit.

Over 800Mt of the overall 1.3 billion tonnes coal resource are estimated to be at less than 50 metres depth.

Expenditure during the quarter related to internal management of the coal analysis, geological model update and resource evaluation activities following the drilling programme that was completed in December.

There were no substantive mining production or development activities undertaken during the quarter.

Sector Resources (AUH 5%)

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

No new field work was undertaken during the quarter.

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

EPC1625 expired on 28 April 2020. EPCs 1719 and 1993 remain within AUHs approved Project Administration Area.

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

TENEMENT	NAME	HOLDING
EPC 1719	Barcoo River/Blackall	100%
EPC 1993	Blackall Sth Corner	100%

CORPORATE ACTIVITIES:

Investment in Utilitas

The Utilitas Group Pty Ltd (Utilitas) (AUH 25.14%) settled on the acquisition of the 3.5ha Bundaberg (QLD) bioHub site, with works now underway preparing the master planned biomanufacturing precinct for new tenants. The Company has been engaged by “anchor tenants” in two other bioHubs (VIC & NSW) to carry out Concept Validation.

Sector Convertible Note

On 16 June 2020, the company advised that it had entered into an agreement with Sector Projects Pty Ltd (Sector) to extend the maturity date of the \$750,000 Convertible Note which was due for repayment by Sector on 28 June 2020.

Under the Agreement Sector paid \$250,000 of the Convertible Note to AUH on 28 June 2020. Another instalment of \$250,000 will be paid on 30 September 2020 and the \$250,000 balance will be paid by 21 December 2020. Sector will pay all interest that would accrue for each quarter in advance with each instalment.

The company's rights under the Note are not affected.

Payments to Related Parties

Item 6.1 of Quarterly Cash Flow Report - includes an amount of \$37,520 which is payment of directors' fees and associated superannuation representing 6 months of entitlements.

Yours faithfully,

Daniel Chan – Chairman

Further information:

Andrew Fogg – Chief Executive Officer

Bruce Patrick – Chief Operating Officer

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AUSTCHINA HOLDINGS LIMITED

ABN

20 075 877 075

Quarter ended ("current quarter")

30 JUNE 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(11)	(29)
	(e) administration and corporate costs	(135)	(626)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	10	149
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(136)	(506)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(33)	(268)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements (Security Deposits)	2	12
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets (Convertible Note)	250	500
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	219	244

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	831
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	831

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	552	66
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(136)	(506)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	219	244
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	831

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	635	635

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	278	16
5.2	Call deposits	357	536
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	635	552

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

38

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Not applicable		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(136)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(33)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(169)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	635
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	635
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.8
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2020

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.