

The Chairman's Address to 2017 Annual General Meeting

On behalf of the AustChina Board I am pleased to introduce the Company's 2017 Annual Report.

On 7th August 2017 the company changed its name to AustChina Holdings Limited. The change of name was proposed so that the Company's name better reflects its strategy to not only continue its investment in the resources and energy sectors, but also to build a platform to allow for investment in a wider range of quality investment opportunities. China's push to rejuvenate the "One Belt, One Road" trade route westwards also provides impetus for companies like AustChina to seek opportunities that might arise from that initiative.

The board continues to monitor the continued 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 improved in the region. The Blackall Coal Project remains a medium-term development option.

The Board and Executive team continued to focus on potential new opportunities for the Company.

We welcome our new Joint Venture partner, Eastern Gas Holdings Pty Ltd (Eastern Gas). On 10 November 2016 our subsidiary Surat Gas Pty Ltd (Surat Gas) executed a Memorandum of Understanding with Eastern Gas under which Eastern Gas has now earned a 50% interest in each of the company's three Authorities to Prospect for Petroleum (ATPs) in Queensland.¹ The transfers of the 50% interests has been completed.

Eastern Gas, the operator for the joint venture with Surat Gas has been working through a focused programme of assessment of the available geological and geophysical data. Studies following an earlier Geological Review include reprocessing of down hole geophysics where available, borehole sampling and testing targeted to interpret the lithology data to better define the potential zones of organic content within the formations as potential for hydrocarbon source rocks.

The resulting evidence across all three ATPs suggests that the geological formations within the basins may contain suitable organic carbon content and reservoirs of sufficient permeability and porosity values suitable for the generation and capture potential for gas and other hydrocarbons.

The data will be sent to an independent party for evaluation and assessment with the aim to then finalise milestones for on ground exploration in 2018.

¹ ASX announcement: Coalbank signs MOU with Eastern Gas Holdings Pty Ltd, 10 November 2016

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 first three bioHub projects in Australia towards financial close. The first of these, at Casino in Northern New South Wales, is targeted to service the energy needs of its nearby industries and community. DomaCom, via the DomaCom Fund, and Utilitas, a bioHub developer, is launching Australia's first crowd-funding campaign to secure a site in Casino, northern NSW and develop a bioHub.²

The board was also pleased at the September announcement by Premier Annastacia Palaszczuk supporting Utilitas' \$18 million Bundaberg biorefinery project as one of the biofutures projects under the Palaszczuk Government's \$4 million Biofutures Acceleration Programme.³

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 management and the Board of Directors for their contribution to the company during the year.

Anthony Chan
Chairman

² domacom.com.au, 14/9/2017

³ Media release: "Bundy biorefinery generates jobs, green energy" - The Honourable Annastacia Palaszczuk (Premier and Minister for the Arts) and The Honourable Dr Anthony Lynham (Minister for Natural Resources and Mines) 13 September 2017.