29 January 2021

ACTIVITIES REPORT FOR QUARTER ENDED 30 DECEMBER 2020

AustChina Holdings Limited ("AustChina" or the "Company" or "AUH") (ASX: AUH) is pleased to provide this Quarterly Activities Report for the December 2020 quarter.

ACTIVITIES DURING THE QUARTER

Coal Projects

An application for renewal of EPC1993 (expiry 16 March 2021) was lodged with the Department of Resources.

During the quarter, a report was received from the Company's coal quality consultant summarizing the Blackall Coal Project coal quality from all drilling programmes to date, including the coal quality analysis programme undertaken during 2020 from core samples from its December 2019 drilling programme. The programme included both raw coal ply analysis and washed composite analysis.

The coal at Blackall is a low rank (0.41 Mean Maximum Reflectance of Vitrinite) coal of Cretaceous age. The table below shows key coal quality parameters for 10%, 15% and 20% ash cut points.

Parameter	Basis			
Ash	Air-dried	10%	15%	20%
Total Moisture (%)	As-received	29.0	27.5	26.0
Volatile Matter (%)	Air-dried	30.0	28.8	27.5
Energy (kcal/kg)	Net as-received	4200	3925	3650
Total Sulphur (%)	Air-dried	0.35	0.35	0.35
Vitrinite (%)	By volume	75	73	70

The Company was pleased to announce on 16 June 2020 (ASX: "Updated Coal Resource Statement") that it had upgraded the Resource Statement for its Blackall Coal Project to 31 May 2020. The total Inferred Resource of 1.3Bt of thermal coal now includes Indicated Resources of 30 million tonnes in EPC1993.

In December 2019, a cored drilling programme targeted to increase the stratigraphic, structural and coal quality knowledge of a section within the overall resource area was successfully completed in EPC 1993, with sample analysis continuing into 2020.

McElroy Bryan Geological Services Pty Limited (MBGS) was commissioned by AustChina to provide an objective assessment of coal resources for its Blackall Coal Project compliant with the JORC Code.

Figure 1 shows the drill hole locations for the Blackall Coal Project.

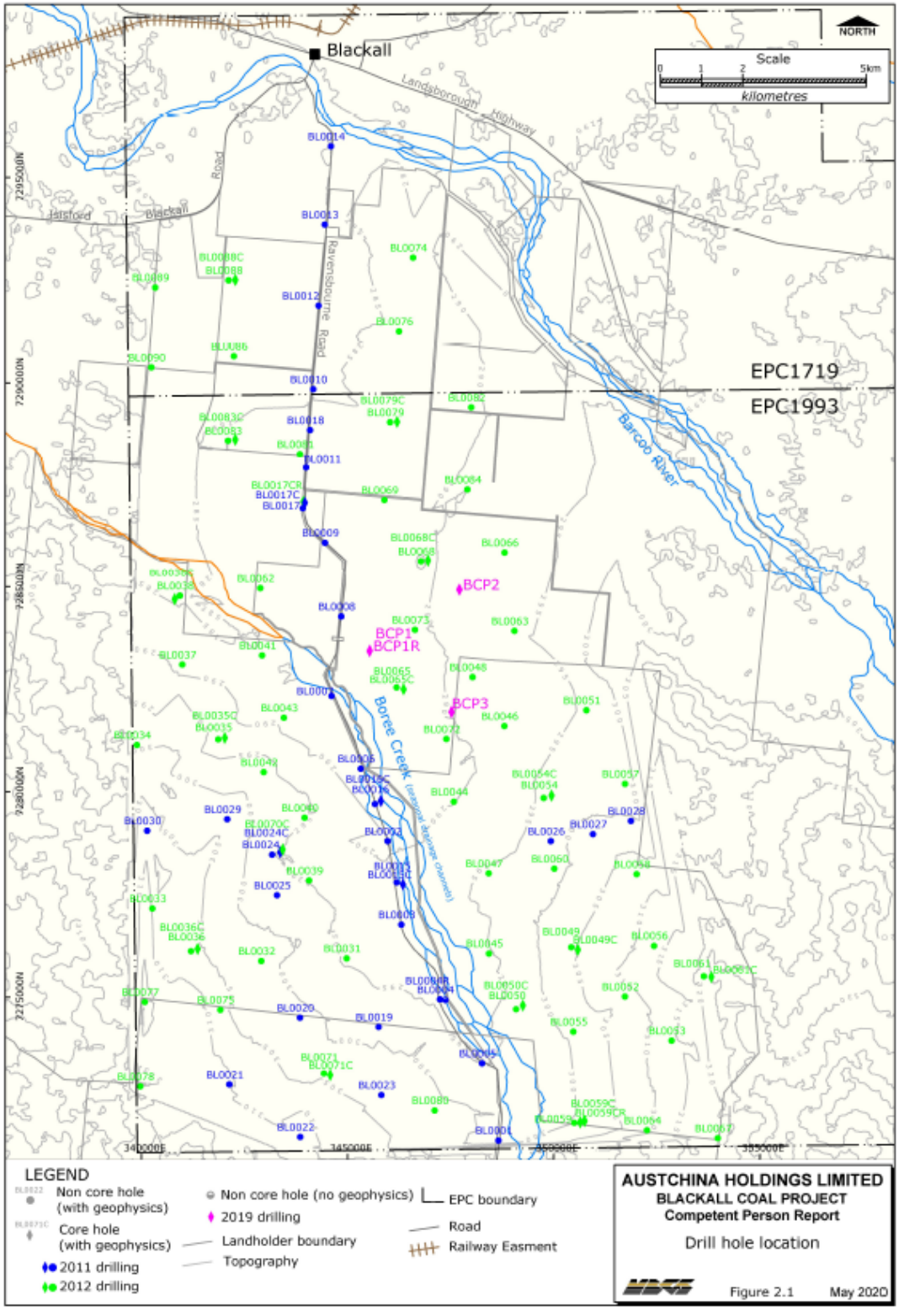

Figure 1: Drill Hole Location Plan – Blackall Coal Project

Tables 1 and 2 provide the updated Summary Coal Resources by Seam, Category and Depth for EPCs 1719 and 1993, respectively.

TABLE 1:

Seam Name	Block Area (km^2)	Coal Area (km^2)	Coal Thickness	In Situ Density (g/cc) (1)	Raw Ash (%) (2)	Specific Energy (kcal/kg) (a.d.) (3)	Specific Energy (kcal/kg)	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

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%)

There are no Mineral Reserves pertaining to the company's tenements.

Over 800Mt of the resources were estimated at less than 50 metres depth.

The Company continues to examine on-site applications for coal at the Blackall Project with companies possessing alternative technologies to extract value from coal.

Exploration expenditure of $48,000 during the quarter related to consultant's reporting on the Blackall Coal Project coal quality analysis programme, geological review and data management, and preparation of the application to renew EPC1993, and investigation of technologies.

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.

Sector did not undertake any field exploration activities during the quarter. Sector has not yet advised the timing of further on-ground exploration, not expected before the end of the wet season.

Tenement Portfolio

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%) participated at BioEconomy Bundaberg 2020 in October, with CEO Fiona Waterhouse presenting from a developer's perspective at a workshop. Utilitas' first asset development, the Bundaberg bioHub, was show-cased highlighting the redevelopment of a sewerage treatment plant into an industrial park.

Stage 1 demolition works were completed at the former Bundaberg East Wastewater Treatment Plant site. Two tenants are already in place in the existing laboratories. Preparations for the remaining ten commercial/industrial tenancies are now underway. Expressions of interest have been received from a biogas technology company, a hydrogen technology company and letters of support secured from next generation vehicle, equipment and engine retrofit companies supporting the development of local supply chain capability.

Utilitas Group was engaged with key project counterparts to validate advancing the company's first 3 utility scale, commercial grade Renewable Natural Gas (RNG), (biomethane and Hydrogen), to gas grid

and mobility projects. Concept validations have now been completed with key project counterparts and commercial negotiations.

Sector Convertible Note

On 30 November 2020, the Company advised that it had reached agreement to vary the repayment schedule of the outstanding balance of $330,000 of the Convertible Note after discussions initiated by Sector Projects Pty Ltd (ASX: "Variation to repayment schedule for Sector Convertible Note").

The company agreed the following repayment schedule:

- $110,000 + associated interest 29 January 2020,
- $110,000 + associated interest 26 February 2020,
- $110,000 + associated interest by 26 March 2020,

AustChina's rights under the Note are not affected.

AUH is pleased to advise that the repayment of $113,189 due on 29 January has been received from Sector Projects Pty Ltd today.

Authorised by the Board.

Yours faithfully,

Daniel Chan – Chairman

Further information:

Andrew Fogg – Chief Executive Officer

Bruce Patrick – Chief Operating Officer

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****.*