

24 October 2024

ASX ANNOUNCEMENT

Quarterly Activities Report for Quarter Ended 30 September 2024

HIGHLIGHTS

Chenene Lithium Project

- After completing due diligence, including first-pass drilling, at the Chenene Lithium Project in Tanzania AustChina decided not to proceed with its option to acquire the Project and terminated the Heads of Agreement with the Project vendors.¹

Coal Assets

- Mining study for the Blackall Project designed to identify optimal mining locations and mining methods completed. Study generated positive findings including;
 - Project's coal seams are flat-lying with individual ply thicknesses of <30cm - ~1m, interspersed with inter-burdens;
 - Deposit amenable to conventional truck and excavator open pit bench mining methods;
 - Identified pit shell supports average ROM Ash values of 29-30% and specific energy ~3500kcal/kg - ROM strip ratio on this basis is approximately 4.8:1; and
 - Applying ROM Ash cut-offs to extract only higher quality seams improves Ash and energy in the identified pit shell to 18.6% and 4280kcal/kg respectively with ROM strip ratio of 8.9:1.
- Company continues to explore alternative technologies for value extraction from its coal assets, including low-carbon processes and research into microwave processing.

¹ Chenene Lithium Project Update ASX Announcement 30 August 2024



Chief Executive Officer, Andrew Fogg, commented:

“The September Quarter was another key period for the Company as it completed due diligence drilling program at the Chenene Lithium Project in Tanzania. Based on our technical assessment of the drilling results, the Company decided not to exercise its Option to acquire the shares in Cassius Mining (T) Limited and advised Cassius Mining Limited that the Heads of Agreement in respect of the transaction had been terminated. As a priority, we continue to assess appropriate new mineral resource project opportunities to add value for shareholders.

The Mining Study at the Blackall Coal Project was completed in the quarter, and delivered positive findings. We will now assess the Study outcomes to help us determine options and next steps for this Project.”

AustChina Holdings Limited (**ASX:AUH**) (“AUH”, the “Company” or “AustChina”) is pleased to provide the following update on its activities for the quarter ended 30 September 2024 (“Quarter”, “Reporting Period”).

AustChina is a junior energy and mineral resources focused company, whose projects include the Blackall Coal Project in Queensland and investment interests in copper exploration. It also held an Option to acquire the Chenene Lithium Project in Tanzania.

CHENENE LITHIUM PROJECT

AustChina entered a Binding Heads of Agreement with Cassius Mining Limited (ASX: CMD) (Cassius) and its wholly owned subsidiary Cassius Mining (T) Limited (CMT) in March 2024, pursuant to which it was granted an exclusive and binding option to acquire (Option) 100% of the issued capital in CMT, the holder of four prospecting licences which comprise the Chenene Lithium Project in Tanzania.²

Any decision by AustChina to exercise the Option and complete the acquisition of the Chenene Project was subject to successful completion of due diligence by AustChina, a core component of which was a drilling program to test high priority targets within the Project.

AustChina completed its due diligence drilling program during the quarter. On 30th August 2024, the Company announced that given initial assay results received to date were well below expectation, it did *not* exercise its Option to acquire the shares in Cassius Mining (T) Limited and has advised Cassius Mining Limited, the Heads of Agreement in respect of the transaction are terminated.¹

² Option to Acquire Chenene Lithium Project ASX Announcement 7 March 2024

COAL PROJECTS

During the previous quarter, AustChina commissioned a mining study at its Blackall Coal Project in central western Queensland, to identify optimal mining locations and mining methods best suited to the nature of the deposit.

Mining Options Study Scope

Marshall Mining & Engineering Solutions have completed an independent evaluation and assessment of the mining options available at the Blackall Project, specifically focusing on:

- Geological model evaluation,
- Coal seam aggregation to approximate mining horizons with reasonable prospects for economic extraction,
- Using Strip Ratio as a proxy for economic viability,
- Optimisations of the coal resources for identification of potential pit shells with a minimum total mineable quantity of 10M ROMt to allow for a nominal 20-year mine life at 500kt per annum production rate.

Findings and recommendations arising from this report are based on the interpretation of outputs from mine planning software and evaluation of likely scenarios for economic extraction.

Findings

1. The coal seams are flat-lying, with individual ply thicknesses varying from <30cm to just over 1m, interspersed with interburdens.
2. The deposit is amenable to conventional truck and excavator open pit bench mining methods, supported by typical ancillary equipment, with dozer ripping or drill and blast applied to relevant burden thicknesses.
3. Applying aggregations across the coal seams has a deleterious effect by the addition of thin waste burdens into coal seams as ash, or alternately wasting of thin coal plies. For the identified pit shell, this results in average ROM Ash values in the order of 29-30% and specific energy approaching 3500kcal/kg. The ROM strip ratio on this basis is approximately 4.8:1.
4. Applying ROM Ash cut-offs to extract only the higher quality seams improves ash and energy in the identified pit shell to 18.6% and 4280kcal/kg respectively, but at the expense of ROM strip ratio rising to 8.9:1.

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Recommendations

1. Explore options for upgrading the coal product quality through onsite processing options.
2. Investigate options for production profiles greater than 500ktpa to underpin the economics of the mine by spreading fixed costs across a larger output.
3. Develop market opportunities to generate revenues from the product at a level higher than available in the thermal coal market – for example, as feedstock for blue hydrogen projects.
4. Further refine the coal resources with additional drilling for coal quality, washability, and geotechnical data collation.

AustChina will assess options stemming from the study recommendations.

Cautionary Statement

The mining options study referred to in this report is based on low-level technical and economic assessments and is insufficient to support estimation of Mineral Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the study will be realised. No mine schedules, capital or operating cost estimates, or sales / marketing evaluations were undertaken as part of the study.

The mining options study is based on the material assumption that funding for the proposed mine to be developed will be available. While AUH considers the material assumption to be based on reasonable grounds, there is no certainty that it will prove to be correct or that the range of outcomes indicated by the mining options study will be achieved.

To achieve the range of outcomes indicated in the mining options study, additional funding will be required. AUH has a supportive shareholder base and has successfully raised capital to progress the development in the past. Investors should note that there is no certainty that AUH will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of AUH's existing shares.

It is also possible that AUH could pursue other 'value realisation' strategies such as a sale, partial sale or joint venture of the Project. If it does, this could materially reduce AUH's proportionate ownership of the project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the mining options study.

Alternate Uses of Coal

The Company continues to investigate alternative uses for its coal and also alternative processing technologies, including research into these technologies where appropriate.

In the March quarter AustChina sent selected samples from the 2023 exploration programme to the National Energy Technology Laboratory in West Virginia to be included in baseline studies in microwave processing. The samples were of a range of densities for testing aimed at identifying an optimal ash cutoff for product from a future mining operation should this process be adopted. Tests examine the release of key syngas components (hydrogen, carbon monoxide, carbon dioxide and methane).

Initial testing involved gasification of 11 samples selected from laboratory reserves from the 2023 Blackall drilling programme at 800°C using air as gasifying agent. Additional testing of an 18.4% ash sample was carried out using a mix of steam and air as the gasifying agent, and with CO₂ as the gasifying agent. It is anticipated that further testing will be carried out at a time yet to be determined.

Tenement Portfolio Update

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 South Corner	100%

CORPORATE ACTIVITIES

Investment in Revolver Resources Holdings Limited (ASX: RRR)

Revolver Resources continues exploration of its Osprey and Dianne Copper projects.

In its investor presentation in June 2024 Revolver Resources updated the market on the continued advancement of its copper-focused businesses, presenting its roadmap to copper production from its Dianne Copper Mine Project in the first half of 2025.³

AustChina continues to see long term potential in the copper sector.

³ ASX:RRR 7 June 2024 “Technical Presentation – Reestablishing Dianne Copper Mine.”

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Payments to Related Parties

A total of \$22,920 was paid to directors and their associates for salaries, director fees and superannuation during the Quarter ended 30 September 2024.

This announcement has been approved for release by the Chairman of the Board

For further information

Andrew Fogg

Chief Executive Officer

T: +61 7 3229 6606

E: info@austchinaholdings.com

James Moses

Investor & Media Relations

T: +61 420 991 574

E: james@mandatecorporate.com.au

About AustChina Holdings

AustChina Holdings (ASX: AUH) is a junior ASX-listed energy and mineral resources focused company, with a strategy to build a platform for wider exposure to developing energy markets through targeted minerals and energy-focused investments. Its current projects include the Blackall Coal Project in Queensland, investment interests in copper exploration and a holding in Organic Waste developer Utilitas Group Pty Ltd.

Competent Persons Statement – Mining Study Blackall Project

The information above that relates to mining engineering and mine planning is based on, and fairly represents, information compiled by James Marshall. Mr Marshall is a Mining Engineer with 24 years of experience and is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy (MAusIMM(CP)). Mr Marshall has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012);

Mr Marshall is the Managing Director of Marshall Mining & Engineering Solutions, is independent of AustChina Holdings; and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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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 SEPTEMBER 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(288)	(288)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(67)	(67)
	(e) administration and corporate costs	(120)	(120)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
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):		
	Payments for business development	(25)	(25)
	Net GST refunds	17	17
1.9	Net cash from / (used in) operating activities	(482)	(482)
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)	(17)	(17)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements (Security Deposits)	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
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	(17)	(17)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	703	703
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(482)	(482)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(17)	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	204	204

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	20	11
5.2	Call deposits	184	673
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)	204	702

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	23
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

**Current quarter
\$A'000**

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

Payments to directors include accrued salaries, director fees and superannuation guarantee.

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

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(482)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(17)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(499)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	204
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	204
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.4

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: No. As announced on 30 August 2024, AUH has decided not to proceed with their option to acquire the Chenene Lithium Project. Spend on this project for the quarter is disclosed at 1.2(a).

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: The Company will assess options for fundraising as required. The Company has no reason to believe any steps taken in this regard will not be successful.

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: The company expects to continue its operations and meet its business objectives. It will continue to investigate alternative technologies to utilise its coal on-site including research into these technologies where appropriate.

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: 24 October 2024

Authorised by: The Chairman of the 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.