



Quarterly Report

For the 3 Months ended September 2018

This Quarterly Report updates activities undertaken during the period 1 July 2018 to 30 September 2018.

1. PROJECTS

Savoy Hill Coal Project (100%)

An application for renewal of the Savoy Hill tenement, Exploration Licence 6812 (**EL 6812**), was lodged with the Department of Planning and Environment, Resources and Geosciences, on 19 June 2018.

2. NUCOAL'S LEGAL CASES

Background

On 31 January 2014, the NSW Government passed the *Mining Amendment (ICAC Operations Jasper and Acacia) Act 2014* (NSW) (**Mining Amendment Act**), cancelling Exploration Licence 7270 (**EL 7270** or **Licence**) with no compensation payable to NuCoal or its shareholders. The legislation was passed following an inquiry by the Independent Commission Against Corruption (**ICAC**).

During the quarter, NuCoal continued to implement the legal and political strategy previously announced to seek redress for shareholders following the unfair and unjust cancellation of EL 7270 by the NSW Government.

Free Trade Actions

The Company is continuing to pursue claims against the Australian Government on behalf of U.S. shareholders under the Australia US Free Trade Agreement (**AUSFTA**). This potential international action is being progressed with a view to obtaining compensation from the Australian Government for the decision by the NSW Parliament to expropriate EL 7270 without payment of compensation.

During the last number of months, NuCoal lobbyists in the United States of America, BGR Group, have continued to progress this action and have met with numerous relevant US Government Officials. Via public record, NuCoal is able to confirm that representations have been made by

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ASX:NCR • Share Information

Issued Shares: 768.6m

Board of Directors

Chairman:	G. Galt
Non Executive Director:	G. Lewis
Non Executive Director:	M. Davies
CEO, CFO and Company Secretary:	M. Etcell

the US Trade Representative, Robert Lighthizer, to The Hon Steven Ciobo requesting consultations under the AUSFTA in respect of the NuCoal matter.

U.S. shareholders continue to work closely with NuCoal and BGR in pursuit of compensation. As previously communicated, shareholders should note that any successful action directly under the AUSFTA will benefit only the shareholders who bring and participate in the action (ie. US shareholders in NuCoal who held shares at the time of expropriation).

Shareholder Requests

Last quarter, the Company contacted all shareholders in NSW to encourage them to make contact with their local MP's and outline the losses they have incurred as a result of the cancellation of EL 7270 by the NSW Government, without compensation. A large number of shareholders have provided us with a copy of both their correspondence and the reply received from their MP. The Company thanks each and every one of these shareholders and strongly urges any others thinking about writing to do so.

In addition to contacting shareholders, NuCoal has also made direct contact with all local MP's, Upper House Representatives and a number of politicians from a Federal level. As part of this correspondence, the Company has asked for their support in advocating a fair and independent process to support ICAC's recommendation regarding compensation.

3. OTHER RELEVANT MATTERS

EL 7270 Valuation

The investigation by the Independent Commission Against Corruption (**ICAC**) relied on a so called 'fact' that Exploration Licence 7270 was valued at \$100m when Minister Macdonald awarded it to Doyles Creek Mining Pty Ltd (**DCM**) in 2008. This valuation did not and could not have applied at the time of grant as it was dependent on:

- DCM doing considerable work over an 18 month period; and
- Significantly improved world economic conditions and outlook.

This false premise concerning the valuation was used totally in 20:20 hindsight in ICAC and Courts to "establish" that something of very high contemporaneous value was "given away" at the end of 2008.

There have now been 2 independent valuations of EL 7270, by Palaris Mining (**Palaris**), in accordance with the VALMIN Code, at different times since 2009. The results are shown below including the valuation date, which is a critical component in valuations of this nature:

- Valued as at 1 July 2008 (valuation estimated in 2018), valuation range of A\$0.9M to A\$2.9M, Palaris preferred valuation of A\$1.9M;
 - DCM paid \$2.1m for EL 7270 following its grant in December 2008, comprising \$1.1m to the NSW Government for historical exploration spending by the State and an additional \$1m to the University of Newcastle to establish a Frontier of Geoscience at the campus (a condition of the grant). DCM also committed to the establishment of a training mine if a project was developed at Doyles Creek.
- Valued at 1 November 2009 (valuation estimated in 2009) – valuation range of A\$74M to A\$124M, Palaris preferred valuation of A\$99M;
 - This valuation was the basis for the float of NuCoal in February 2010.

So why did the valuations change?

Between July 2008 and November 2009 DCM commissioned reports and studies on EL 7270, most notably mine planning and preparation of a Resource Estimate according to the JORC code. There was also a significant increase in the price of coal during this period due to the improved economic outlook caused by the responses of world governments to the global financial crises.

In summary, at the time of the granting of EL 7270 to DCM in December 2008, the Licence value was \$1.9m and DCM paid a total of \$2.1m and committed to a lot more via a training mine if they were lucky enough to ever prove that a) there was a viable resource there and b) that a project could be built at Doyles Creek.

It is (very significantly) factually incorrect to say that the Licence was valued at \$100m when Minister Macdonald awarded it to DCM in 2008.

[Social media – “Wave the Flag”](#)

A number of relevant articles have been posted to WaveTheFlag.org.au over the last few months with matters concerning the NuCoal story continuing to be a key focus.

We continue to invite all shareholders to participate in this forum as it is a good opportunity to collectively be the “voice for reason” amongst numerous unreasonable voices of mal-aligned intentions.

4. CORPORATE

Cash and deposits as at 30 September 2018 were A\$4.3 million.

5. ADDITIONAL REPORTING REQUIREMENTS

The following additional information is provided in accordance with ASX Listing Rule 5.3.3.

[Interests in Mining Tenements](#)

The Company held the following mining tenements during the quarter.

Tenement	Location	% interest at the beginning of the quarter	Acquired and/or disposed	% interest at the end of the quarter
EL 6812	Savoy Hill, New South Wales	100	N/A	100

[Beneficial percentage interests held in farm-in or farm-out agreements](#)

NuCoal does not hold any interests in farm-in or farm-out agreements.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

NuCoal Resources Ltd

ABN

29 060 352 990

Quarter ended ("current quarter")

September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (three months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(27)	(27)
(b) development	-	-
(c) production	-	-
(d) staff costs	(45)	(45)
(e) administration and corporate costs	(214)	(214)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(283)	(283)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (three months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	-	-
3. Cash flows from financing activities			
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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	4,607	4,607
4.2	Net cash from / (used in) operating activities (item 1.9 above)	283	283
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,324	4,324

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	304	587
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) – Term Deposits	4,020	4,020
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,324	4,607

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	18
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	50
9.2	Development	-
9.3	Production	-
9.4	Staff costs	60
9.5	Administration and corporate costs	200
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows (inflows)	310

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

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

Sign here: 

Date: 31 October 2018

(Director/Company secretary)

Print name: Megan Etcell

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly 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 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.
- 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.