NuCoal Resources Ltd

ABN 29 060 352 990

Annual Report
for the year ended 30 June 2019

NuCoal Resources Ltd ABN 29 060 352 990
Annual Report – 30 June 2019

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Corporate Directory

Directors	G Galt B.Eng (Mining, Hons), B.Com, GDip App Fin (Finsia), MAusIMM, MAICD *Chairman* G Lewis M Davies B.A Hons, MBA
Secretary	M Etcell B.Com, CA, MAICD
Principal registered office in Australia	Unit 8, 24 Garnett Road Greenhills NSW 2323 +61 2 4013 6181
Share registry	Link Market Services Level 12, 680 George Street Sydney NSW 2000 1300 554 474
Auditor	Ernst and Young Ernst and Young Centre 200 George Street Sydney NSW 2000
Bankers	Australia and New Zealand Banking Group Limited 490 King Street Newcastle West NSW 2300 Westpac Banking Corporation Shop 39 Wallsend Plaza 24 Kokera Street Wallsend NSW 2287
Stock exchange listings	NuCoal Resources Ltd shares are listed on the Australian Securities Exchange. The home exchange is Sydney.
Website address	www.nucoal.com.au

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of NuCoal Resources Ltd (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2019.

The report has been divided into four sections as follows:

A. General Information
B. Principal activities and review of operations
C. Remuneration report
D. Other Information

A. General Information

Directors

The directors of the Company at any time during the financial year were, and until the date of this report, unless otherwise noted, are:

Non-executive Chairman	Non-executive Directors
Gordon Galt	Michael Davies
	Glen Lewis
	James Beecher *

** James Beecher resigned as a Non-executive Director of NuCoal effective 3 August 2018.*

The qualifications, experience, other directorships and special responsibilities of the directors in office at the date of this report are:

Gordon Galt – B.Eng (Mining, Hons), B.Com, GDip App Fin (Finsia), MAusIMM, MAICD
Non-executive Chairman, since February 2010

Experience and expertise:
Gordon is a mining engineer with extensive coal industry experience. From 1991 Gordon was Operations Manager, then General Manager at Ulan Coal in the NSW Hunter Valley. He became Managing Director at Cumnock Coal in 1996 before taking up roles as Managing Director with Newcrest Mining and in investment banking with ABN AMRO respectively.

Other current Directorships:
- Non-executive Chairman of Lefroy Exploration Ltd (ASX: LEX) and QMetco Ltd.
- Alternate Director for Ouro Mining Incorporated
- Principal and Director of Taurus Funds Management Pty Ltd

Former Directorships in the last three years:
- Finders Resources Ltd (ASX: FND) (August 2013 to May 2019)

Committees:
- Member of the Audit Committee

Glen Lewis *Non-executive Director, since March 2017 (Managing Director from February 2010 to March 2017)*

Experience and expertise:
Glen is a qualified Coal Mine Manager and has worked in the coal industry since 1980. Before joining NuCoal, he held the position of General Manager Underground Operations with Xstrata Coal NSW with overall responsibility for 6 operating mines and several projects under construction.

Former Directorships in the last three years:
- Realm Resources Ltd (Managing Director) *(March 2017 to September 2017)*

Committees:
- Member of the Audit Committee

Directors' Report (continued)

Michael Davies – B.A (Hons), MBA *Non-executive Director, since February 2010*

Experience and expertise:
Michael is a specialist in resource financing, with over 20 years' experience in investment banking (Barclays, BZW and ABN AMRO). Michael has extensive commercial experience in the coal industry, having been involved in the negotiation of joint venture agreements and acquisition and sale of coal tenements.

Other current Directorships:
- Non-executive Director of Lefroy Exploration Ltd (ASX: LEX) and QMetco Ltd
- Principal and Director of Taurus Funds Management Pty Ltd

Committees:
- Member of the Audit Committee

Company Secretary

Megan Etcell – B.Com, CA, MAICD *Chief Executive Officer, Chief Financial Officer & Company Secretary*

Megan holds the role of Chief Executive Officer, Chief Financial Officer and Company Secretary. She holds a Bachelor of Commerce with majors in Financial Accounting, Management Accounting and Finance and is a qualified Chartered Accountant.

Directors' Meetings

The following table sets out the number of board and committee meetings attended by each of the directors who held office during the financial year:

	Board Meetings		Audit Committee	
Director	**A**	**B**	**A**	**B**
Gordon Galt	6	6	2	2
Glen Lewis ^	6	6	2	2
Michael Davies	6	5	2	2
James Beecher ^	-	-	-	-

A Number of meetings held during the time the Director held office or was a member of the committee during the period.
B Number of meetings attended.
^ J Beecher resigned as a Non-executive Director effective 3 August 2018. On this date, Non-executive Director, Glen Lewis, was appointed as a member of the Audit Committee.

Committee membership

As at the date of this report, the Board only had a formal Audit Committee in place. The Non-Financial Risk and Remuneration Committees were disbanded on 1 March 2015 following the Board's decision to make the entire workforce redundant.

Members acting on the Audit Committee as at the date of this report are:

	Audit Committee
Chairman	Gordon Galt
Members	Michael Davies
	Glen Lewis

Directors' Report (continued)

B. Principal activities and review of operations

Savoy Hill Coal Project (100%)

The Savoy Hill tenement, Exploration Licence 6812 (**EL 6812**) was extended until 20 June 2018.

An application for renewal of EL 6812 was lodged with the Department of Planning and Environment, Resources and Geosciences, on 19 June 2018. The application is pending approval and following the standard departmental process for approval.

Expropriation of Doyles Creek Exploration Licence 7270 (EL 7270)

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**) with no compensation payable to NuCoal. The legislation was passed following an inquiry by the Independent Commission Against Corruption (**ICAC**).

During the period, 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. An update on these actions is outlined below.

Domestic Efforts

The Company rolled out a television advertising campaign throughout the NSW Hunter, Newcastle and Sydney Metro areas during March 2019. Shareholders can view the advertisement and some further information regarding the fight for shareholder justice on the Company's website via the following link →http://nucoal.com.au/justice/.

On 8 May 2019 Rev Fred Nile, MLC, gave notice in the NSW Upper House that he intended to introduce a Private Members Bill dealing with the appointment of an arbitrator to consider compensation for innocent NuCoal shareholders who were affected by the cancellation of the Doyles Creek Exploration Licence – EL 7270.

After this, on 6 June 2019, Rev Fred Nile introduced the *Mining Amendment (Compensation for Cancellation of Exploration Licence) Bill 2019* (the **Compensation Bill**) in the NSW Upper House. On this day, the Compensation Bill was referred to the Standing Committee on Law and Justice (**Standing Committee**) for enquiry and report.

As part of the enquiry process, the Standing Committee accepted public submissions until 31 July 2019. Following a formal invitation from the Standing Committee, the Company lodged a submission on behalf of shareholders, on 23 July 2019.

The Company's submission aimed to assist the Standing Committee's consideration of the Compensation Bill by providing relevant details about:

- NuCoal and the Licence
- the Mining Amendment (ICAC Operations and Acacia) Act 2014 (NSW) (the Mining Amendment Act);
- the financial and emotional impacts on NuCoal's shareholders caused by the Mining Amendment Act;
- why the proposed Compensation Bill is appropriate; and
- why the Compensation Bill should be supported by the Parliament of NSW.

After the submission process, the Standing Committee invited the Company, along with a number of other individuals who also lodged a submission, to attend a public hearing. The public hearing was held on 9 August 2019 and the Directors appeared on behalf of the Company.

During the hearing, there were a number of questions taken on notice due to the level of detail requested by the Standing Committee. The Company prepared a detailed response to the questions taken on notice which was finalised and submitted to the Standing Committee on 6 September 2019.

As communicated on the day of the public hearing, the Standing Committee expects to finalise their enquiry procedures and report to NSW Upper House during October / November of this year. At this time, it is likely that the Compensation Bill, in its current or amended form, will be tabled for debate and voting, and if passed, will then go to the Lower House.

Directors' Report (continued)

International Efforts

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.

NuCoal representatives met with the newly appointed U.S. Ambassador to Australia, Arthur B Culvahouse Jr. in April 2019 to directly brief him on the circumstances and issues surrounding the expropriation of our main asset by the NSW Government in 2014.

In May 2019 a Joint Committee Meeting between the United States Trade Representative (**USTR**) and the Australian Department of Foreign Affairs (**DFAT**) was held. The USTR continues to seek action on behalf of US investors and the Company understand that representatives of the USTR pressed DFAT about the NuCoal issue at this meeting.

With respect to the Compensation Bill – a number of US shareholders lodged individual submissions with the Standing Committee. In addition, the Company is aware that the USTR made fresh representations to DFAT reiterating its ongoing to resolve the claims of its NuCoal shareholders under the AUSFTA and citing the proposed Compensation Bill as a potentially suitable way to resolve the matter.

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 (i.e.. US shareholders in NuCoal who held shares at the time of expropriation).

Results of Operations

The Group recorded a loss from ordinary activities for the year ended 30 June 2019 of $702,958 (2018: $1,054,993).

Net cash inflows from operating, investing and financing activities were $175,899 compared to net cash outflows of $972,610 in 2018.

The net asset position of the Group at 30 June 2019 was $4,797,689 (30 June 2018: $5,500,647).

Dividends - NuCoal Resources Ltd

No dividends were paid to members during the financial year ended 30 June 2019 (2018: nil). No dividend is recommended in respect of the financial year ended 30 June 2019

Significant changes in the state of affairs

Other than those matters listed in this report, there have been no significant changes in the state of affairs of the Group during the period.

Matters subsequent to the end of the financial year

Other than outlined above, or elsewhere in this report, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations or the state of affairs of the Group in the future financial years.

Directors' Report – remuneration report

C. Remuneration report (Audited)

The audited remuneration report for the year ended 30 June 2019 outlines the remuneration arrangements of the Group in accordance with section 300A of the *Corporations Act 2001* (Cth) and its regulations. This information has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth).

The remuneration report details the remuneration arrangements for the Group's key management personnel (KMP) during the financial year ended 30 June 2019.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group and other designated senior executives. During the year, KMP comprised the Chief Executive Officer (referred to as an Executive KMP) and the Non-executive Directors of the Company.

The remuneration report is set out under the following main headings:

(a) Remuneration governance
(b) Principles used to determine the nature and amount of remuneration
(c) Details of remuneration
(d) Service agreements
(e) Share-based compensation

(a) Remuneration governance

The Remuneration Committee was disbanded effective 1 March 2015 due to the Board's decision to make the Group's entire workforce redundant. From 1 March 2015, the roles and responsibilities of the Remuneration Committee have been carried out by the full Board.

(b) Principles used to determine the nature and amount of remuneration

The Group's remuneration guiding principle is to align remuneration with the creation of value for shareholders by attracting and retaining appropriately qualified and experienced employees who will contribute to the Group's success, and motivating them to achieve outstanding performance against the Group's business objectives. This guiding principle applies to employees at all levels, including Non-executive Directors and executive KMP.

Non-executive Directors are remunerated by way of fees and long-term incentives, but they do not receive retirement benefits.

Due to the nature of the Group's operations, which consists of minerals exploration and evaluation, the remuneration of Directors and other executive KMP's, at present, is paid as per the agreement entered into between the Company and the individual and is currently not directly related to annual financial reporting results.

Use of remuneration consultants

During the 2019 financial year no remuneration experts were engaged by the Remuneration Committee.

Remuneration approval at FY2018 Annual General Meeting

The 2018 remuneration report received positive shareholder approval at the 2018 year AGM with a vote of 99.59% in favour.

Directors' Report – remuneration report (continued)

Non-executive Director remuneration

Fees paid to Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Chair's fees are determined independently to the fees of Non-executive Directors based on comparative roles in the external market. Fees paid to Non-executive Directors are reviewed annually by the Board.

Non-executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The current maximum aggregate remuneration of Non-executive Directors, approved by shareholders at a General Meeting on 28 May 2010, is $350,000 excluding the fair value of any options and share rights granted.

The annual fee levels in 2019 (with comparative data for 2018) were as follows:

	2019 ($)	2018 ($)
Position		
Chair	87,200	87,200
Other Non-executive Directors	50,000	50,000
Committee fees		
Committee chair	10,000	10,000
Committee member	NIL	NIL

Despite the annual fee rate noted above, NuCoal Non-executive Directors Gordon Galt, Glen Lewis and James Beecher have received reduced fees from FY2017 to date. Non-executive Director Michael Davies has received NIL fees since July 2015.

Non-executive Directors are eligible to receive performance-related compensation via participation in the Company's Long-Term Incentive Employee Share Plan (ESP). Participation by Directors in the ESP is conditional on shareholder approval as per *ASX Listing Rule 10.14*.

Directors are also entitled to be reimbursed for all Group business related expenses, including travel on Group business, as may be incurred in the discharge of their duties.

Executive KMP remuneration policy and overview of incentive plans

During the current period, the Group employed one executive on a consulting basis, therefore there is no formal framework regarding Executive KMP remuneration.

(c) Details of remuneration

Details of the remuneration paid to Directors of the Company and executive KMP of the Group (as defined in *AASB 124 Party Disclosures*) are set out below.

During the year, KMP comprised the Chief Executive Officer (referred to as an Executive KMP) and the Non-executive Directors of the Company.

Directors' Report – remuneration report (continued)

Key management personnel remuneration

The following tables show details of the remuneration received by the Directors and executive KMP of the Group for the current and previous financial years.

		Short-term benefits			Post-employment benefits	Long Term Benefits			
Name	Year	Cash salary and fees	Cash bonus	Consulting Fees	Super-annuation	Annual Leave & Long Service Leave (a)	Shares (b)	Termination Payments (c)	Total
		$	$	$	$	$	$	$	$
Non-executive Directors									
G Galt (1)	2019	29,067	-	-	-	-	-	-	**29,067**
	2018	29,067	-	-	-	-	-	-	**29,067**
G Lewis (1)	2019	27,500	-	-	-	-	-	-	**27,500**
	2018	27,500	-	-	-	-	-	-	**27,500**
J Beecher (1)(3)	2019	2,500	-	-	-	-	-	-	**2,500**
	2018	30,000	-	-	-	-	-	-	**30,000**
M Davies (4)	2019	-	-	-	-	-	-	-	**-**
	2018	-	-	-	-	-	-	-	**-**
Sub total non-executive Directors	**2019**	**59,067**	**-**	**-**	**-**	**-**	**-**	**-**	**59,067**
	2018	**86,567**	**-**	**-**	**-**	**-**	**-**	**-**	**86,567**
Other key management personnel (Group)									
M Etcell (2)	2019	-	-	167,344	-	-	-	-	**167,344**
	2018	-	-	198,750	-	-	-	-	**198,750**
Total key management compensation (Group)	**2019**	**59,067**	**-**	**167,344**	**-**	**-**	**-**	**-**	**226,411**
	2018	**86,567**	**-**	**198,750**	**-**	**-**	**-**	**-**	**285,317**

(a) Long service leave payments are non-cash.
(b) No shares were granted during the financial year and no shares vested or were provided for during the year as a result of vesting conditions being met.
(c) Includes redundancy and all remaining entitlements.
(1) Mr Galt, Mr Lewis and Mr Beecher received reduced Director fees from FY2017 to date.
(2) The Board made the entire workforce, including all Executive KMP, redundant during February and March 2015. Ms Etcell continues to be employed on a part-time basis.
(3) Mr Beecher resigned as a Non-executive Director effective 3 August 2018.
(4) Mr Davies has received NIL Director fees since July 2015.

Directors' Report – remuneration report (continued)

(d) Service agreements

On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. In the past, remuneration arrangements for Executive KMP have been formalised in employment agreements.

The Group currently has no employment contracts in place with any Executive KMP.

(e) Share based compensation

The Employee Share Plan (ESP) is the Company's Long-Term Incentive (LTI) scheme for Directors (Executive and Non-executive), other executive KMP and other persons as nominated by the Board.

The Board approves participation in the ESP.

Under the ESP, eligible participants may be granted shares on terms and conditions determined by the Board and as documented in the Share Plan Rules and Trust Deed. Shares granted to participants are to be held in Trust until vesting conditions attached to the shares are satisfied. When vesting conditions are satisfied, the shares are exercised and delivered from the Trust to the eligible participant at nil cost. Shares granted under the ESP do not have an expiry date. When the employment of an eligible participant is terminated, any shares issued to that participant are immediately forfeited.

The terms and conditions of shares granted affecting remuneration in the current or a future reporting period are as follows:

Grant Date	Vesting conditions *	Exercise price	Fair value per share
26 October 2010	0.60 cents	$ 0.00	$ 0.29
26 October 2010	0.80 cents	$ 0.00	$ 0.22
26 October 2010	1.00 dollar	$ 0.00	$ 0.22
28 May 2010	0.60 cents	$ 0.00	$ 0.19
28 May 2010	0.80 cents	$ 0.00	$ 0.17
28 May 2010	1.00 dollar	$ 0.00	$ 0.16

* Shares will be issued to eligible participants from the Share Plan Trustee when vesting conditions are met. Shares will vest when the share price exceeds the nominated value for more than ten non-consecutive days of trading.

No shares have been granted since 2010. No shares vested or were provided for during the years ended 2019 or 2018 as a result of vesting conditions not being met.

Directors' Report – remuneration report (continued)

The numbers of shares held in the Company by the NuCoal Share Plan Trust during the financial year for each director of NuCoal Resources Ltd and other executive KMP of the Group, including their personally related parties, are set out below.

Name	Year	Balance at start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at end of the year	Vested and exercisable at the end of the year
Directors of NuCoal Resources Ltd							
G Galt	2019	4,000,000	-	-	-	4,000,000	-
	2018	4,000,000	-	-	-	4,000,000	-
G Lewis (1)	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
J Beecher (2)	2019	2,000,000	-	-	(2,000,000)	-	-
	2018	2,000,000	-	-	-	2,000,000	-
M Davies	2019	2,000,000	-	-	-	2,000,000	-
	2018	2,000,000	-	-	-	2,000,000	-
Other executive KMP of the Group							
M Etcell (1)	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-

(1) All long-term incentives held by G Lewis and M Etcell were forfeited when the Board made the entire workforce redundant during February and March 2015.
(2) All long-term incentives held by Mr Beecher were forfeited on his resignation.

The numbers of shares held in the Company during the financial year by each Director of NuCoal Resources Ltd and other key management personnel of the Company, including their personally-related parties, are set out below.

Name	Year	Balance at the start of the year	Received during the year as a result of vesting conditions being met	Other changes during the year	Balance at the end of the year
Directors of NuCoal Resources Ltd					
Ordinary Shares					
G Galt	2019	50,000	-	-	50,000
	2018	50,000	-	-	50,000
G Lewis	2019	28,000,000	-	-	28,000,000
	2018	28,000,000	-	-	28,000,000
J Beecher (1)	2019	990,068	-	-	990,068
	2018	990,068	-	-	990,068
M Davies	2019	22,950,440	-	-	22,950,440
	2018	22,950,440	-	-	22,950,440
Other executive KMP of the Group					
Ordinary Shares					
M Etcell	2019	100,000	-	-	100,000
	2018	100,000	-	-	100,000

(1) J Beecher resigned as a Non-executive Director effective 3 August 2018.

Directors' Report (continued)

The following information does not form part of the remuneration report.

D. Other Information

Environmental regulation

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its activities. The Board monitors compliance with environmental regulations and the Directors are not aware of any significant breaches of these regulations during the period covered by this report.

Insurance of officers

The Company indemnifies each of its directors, officers and company secretary. The Company indemnifies each director or officer to the maximum extent permitted by the *Corporations Act 2001* (Cth) from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a director or officer against liability which does not arise out of conduct constituting a wilful breach of duty or a contravention of the *Corporations Act 2001* (Cth). The Company must also use its best endeavours to insure a director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Group has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts for current and former directors, executive officers and secretaries. The Directors have not included details of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreements against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

Rounding of amounts

The company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in these financial statements. Amounts in these financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

Non-audit services

Details of the fees and charges for the provision of audit and non-audit services provided by Ernst & Young are included in note 18 of the Financial Report. The Audit Committee has developed a policy to ensure that the independence of the Company's auditor is not impaired by providing non-audit services to the Company so that both the Company and the external auditor can comply with relevant auditor independence rules which apply in the various jurisdictions in which the Group operates.

No officer of the Group who held office during the financial year, and no current officer, was formerly a partner of Ernst & Young.

Directors' Report (continued)

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by *Corporations Act 2001* (Cth). The directors are satisfied that these services did not compromise the external auditor's independence for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Company to ensure they do not impact the integrity and objectivity of the auditor; and

- non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants,* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's independence declaration

The auditor's independence declaration, which forms part of the Directors' Report and required under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2019 has been received and can be found on page 13 of this report.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

On behalf of the Directors

Gordon Galt

G Galt
Chairman
Sydney, 30 September 2019

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Auditor's Independence Declaration to the Directors of NuCoal Resources Limited

As lead auditor for the audit of the financial report of NuCoal Resources Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of NuCoal Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Scott Jarrett
Partner
30 September 2019

Corporate Governance Statement

The Board of Directors of NuCoal Resources Ltd (Company or NuCoal) is responsible for establishing the corporate governance framework of the Company, having regard to the ASX Corporate Governance Council *Corporate Governance Principles and Recommendations with 2010 Amendments* (ASX Recommendations). The Board is committed to best practice corporate governance principles appropriate for the size, type and activity of NuCoal.

Various corporate governance practices are discussed within this statement. Details of the main policies of corporate governance adopted by the Company and referred to in this statement are available on the Company website www.nucoal.com.au.

In accordance with *Listing Rule 4.10*, this Corporate Governance Statement discloses the extent to which the Company has followed the ASX Recommendations. Where a Recommendation has not been followed, the Company will disclose the reasons why the Recommendation has not been followed. Unless otherwise stated, the Company has adhered to the ASX Recommendations for the year ended 30 June 2019.

This Statement applies to NuCoal Resources Ltd (the Company) and all entities under its control, collectively referred to as the Group.

Principle 1: Lay solid foundations for management and oversight

The Board is responsible for the overall corporate governance of the Company.

Functions of the Board and delegations to Management

The Board has adopted a formal Board Charter, which sets out the functions reserved to the Board. The Board Charter is available on the Company's website.

The Board's primary role is the protection and enhancement of long-term shareholder value. It guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

To fulfil this role, the Board, as set out in the Board Charter, is responsible for the overall corporate governance of the Group including:

- approving the Company's Corporate Strategy and monitoring its implementation;
- approving the appointment of the Managing Director / Chief Executive Officer;
- reviewing and monitoring systems of risk management and internal control, and ethical and legal compliance;
- approving major capital expenditure, acquisitions and divestitures; and
- monitoring and reviewing policies and processes aimed at ensuring the integrity of financial and other reporting.

The Board is responsible for reviewing the role and responsibilities of management through various committees it has developed. Directors are entitled to request additional information, including external advice, at any time to enable them to discharge their duties effectively. Review of the *Board Charter* occurs annually.

Terms of Directors' appointment

Directors are appointed in accordance with the terms of the Company's constitution.

Before a director is appointed, or put forward to shareholders as a candidate for election, the Group will undertake appropriate checks. These checks may include, but are not limited to, checks on a person's character, experience, education, criminal record and bankruptcy history. The Group will also provide shareholders with relevant information about any Director standing for election or re-election.

Each Director has entered into a formal letter of appointment with the Company, which sets out core terms of the Director's responsibilities and obligations to the Company.

Corporate Governance Statement (continued)

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with proper functioning of the Board. The role of the Company Secretary is outlined in the *Board Charter*.

Diversity and Equal Opportunity

The Board will determine the appropriate policy concerning diversity from time to time. This policy will include a recommendation as to whether it is appropriate for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually. Given the change in corporate structure, the Company does not have any employees so any policy would only apply to management and the Board. To the extent this position changes, the Board will consider the appropriate policy.

Having regard to gender diversity the Company notes that in respect of Board representation, the Company Secretary role is held by a female.

Performance Evaluation – Board and Committees

The Board acknowledges the importance of regular review of its performance and the performance of its Committees against appropriate measures. The Board is committed to periodically reviewing the Board, its Committees and the Directors' performance and effectiveness.

No formal evaluation was conducted during the year.

Performance Evaluation – Executive KMP

The annual formal performance assessment of Executive KMP's occurs in January each year - Further details of how the Company assesses performance are set out in the Remuneration Report.

Principle 2: Structure the Board to add value

As at the date of this report, the NuCoal Board comprises the following Directors:

- Gordon Galt (Chairman)
- Michael Davies (Non-executive Director)
- Glen Lewis (Non-executive Director)

The size and composition of the Board is determined in accordance with the Company's constitution and NuCoal considers that its Board holds a diverse mix of skills appropriate for its size, type and activity.

The formal *Board Charter* requires that the Board comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. Board composition is reviewed annually to consider whether it has the appropriate mix of Directors with the expertise and experience suitable for the purpose of fulfilling its collective responsibilities on behalf of shareholders. Where a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select candidates with the relevant qualifications, skills and experience.

Information about the skills, experience and expertise and period in office of each Director who served during the year ended 30 June 2019 is set out in the Directors' Report on pages 2 to 3.

Corporate Governance Statement (continued)

Nominations Committee

The Company does not have a fully constituted Nominations Committee as the Board believes that establishing a separate Nominations Committee at this time would contribute little to the Company's effective governance. As and when required, the full Board participates as the Nominations Committee in order to fulfil its corporate governance responsibilities in regard to:

- Board appointments and performance;
- Directors' induction program;
- Committee membership; and
- Other relevant matters.

Skills Matrix

The skills and diversity out the board are set out in the Directors' Report on pages 2 to 3.

Board Independence

The Board has adopted the definition of independence as set out in the ASX Principles and Recommendations. Having regard to the definition, the Board considers a Director to be independent if he or she is not a member of management and is free of any interest and any business or other relationship which would, or could reasonably be perceived to, materially interfere with the independent exercise of their judgement. The Board assesses the materiality of any given relationship that may affect independence on a case-by-case basis. Each Non-executive Director is required to regularly disclose to the Board all information that may be relevant to this assessment, including their interest in contracts and other directorships and offices held.

The Company has noted *ASX Recommendation 2.4* that the Board consist of a majority of independent Directors, and that it has not followed this recommendation during the 2019/2020 year.

Gordon Galt (Chairman) and Michael Davies are Executive Directors of one of the Company's major shareholders, Taurus Funds Management Pty Ltd, and as a result of this relationship are not considered to be independent by the Board. In addition, Glen Lewis, in his previous role as Managing Director, is not considered to be independent by the Board.

Notwithstanding the Council's recommendation that the majority of the Board should be independent, the Board is of the opinion that the objectives and current strategy of the Group are best served and achieved by a Board comprised of a majority of persons associated with the Group since its inception, irrespective of their degree of independence. In addition, the Board considers the expertise and skill of Directors to be paramount to the Group's success and believes that the current Board composition provides a range of skills and expertise to properly fulfil its responsibilities.

The Board also acknowledges that all Directors, whether independent or not, should bring an independent judgement to bear on Board decisions. To facilitate this, each Director has access in appropriate circumstances to independent professional advice at the Company's expense.

Role of Chairman and Chief Executive Officer

The role of the Chair and Chief Executive Officer are exercised by separate individuals *(ASX Recommendation 2.5).*

The Chairman, Gordon Galt, is responsible for leading the Board. His role includes ensuring the efficient organisation of the Board's functions, facilitating effective contribution by all Directors and promotion of constructive relations between the Board and management. The Chairman's role also includes ensuring that the Board is provided with all information related to the Company's operation and strategies to assist in the discharge of the Board's duties, reviewing corporate governance matters with the Company Secretary and reporting on those matters to the Board.

Corporate Governance Statement (continued)

The Company has noted *ASX Recommendation 2.5* that the Chairperson be an independent Director, and that it has not followed this recommendation during the 2019/2020 year. Although the Chairman is not considered to be independent, by virtue of his directorship of Taurus Funds Management Pty Ltd, the Board believes that he is the most appropriate person for the role, given his extensive business experience, particularly in the areas of coal mining and exploration.

The Chief Executive Officer, Megan Etcell, is responsible to the Board for the discharge of the management function and the implementation of corporate objectives determined by the Board.

Board induction and training

The Group has a program for inducting new directors and provides resources to directors to help develop and maintain the appropriate skills and knowledge needed to perform their role effectively.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

NuCoal has adopted a *Corporate Code of Conduct* to guide Directors, executive KMP, management and employees in carrying out their duties and responsibilities. The *Corporate Code of Conduct* sets out the principles and standards which the Board, management and employees of the Company are expected to adopt when dealing with each other, shareholders and the community as a whole.

In addition, the *Corporate Code of Conduct* specifically addresses conflicts of interest, business gifts and entertainment, improper use of the Company's property and assets, dealing with Government officials, political activities and reporting unlawful and unethical behaviour. The *Corporate Code of Conduct* is available on the Company's website.

Principle 4: Safeguard integrity in financial statements

The Board has ultimate responsibility for ensuring the integrity of the Company's financial reporting. To assist in discharging its responsibility, the Board has put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the Company's financial position.

Audit Committee

The Board has established an Audit Committee. The Audit Committee has a formal charter, which is available on the Company's website.

As at the date of this report, the Audit Committee comprises the following Non-executive Directors:

- Gordon Galt – not independent
- Michael Davies – not independent
- Glen Lewis – not independent

The Company does not adhere to *ASX Recommendation 4.1*, in that the majority of the Audit Committee members are not independent and that the Chair of the Audit Committee is also the Chair of the Board. The reason for the departure from ASX guidelines is due to the current Board composition.

The relevant qualifications and experience of the members of the Audit Committee are disclosed on page 2 to 3 of the Director's Report.

The Audit Committee meets as required, but at least twice per year. The Chief Executive Officer and the Company's external auditors are invited to attend the Audit Committee meetings.

Corporate Governance Statement (continued)

Assurance by the Chief Executive Officer / Chief Financial Officer

The Board receives assurances from the person responsible for making a declaration in accordance with section 295A of the *Corporations Act 2001* (Cth) that any such declaration, as to the financial records and statements made, has been founded on a sound systems of risk management and internal compliance and controls and that the system is operating effectively in all material respects in relation to financial reporting risks.

Auditor

The Board and the Audit Committee also, to a certain extent, rely on the auditors (Ernst & Young) to ensure compliance with relevant accounting standards, and give full co-operation to its auditors without absolving itself of responsibility. Where appropriate, the Board and the Audit Committee engage independent experts or professional advisors to assist with the identification and/or management of any key risk areas identified. The external auditor attends the AGM and is available to answer questions in relation to the conduct of the audit.

Principle 5: Make timely and balanced disclosures

Continuous disclosure

NuCoal has adopted a *Continuous Disclosure Policy*, a copy of which is available on the Company's website.

The *Continuous Disclosure Policy* sets out the Company's commitment to continuous disclosure and establishes a best practice procedure relating to compliance with continuous disclosure obligations.

NuCoal is committed to providing up to date information to its shareholders and the broader investment community in accordance with its continuous disclosure obligations under the *ASX Listing Rules* and the *Corporations Act 2001* (Cth).

The Company Secretary is primarily responsible for the management of the *Continuous Disclosure Policy* and for all communications with the ASX in relation to continuous disclosure issues. However, no announcements are made to the ASX without the prior approval of the Chairman or the Chief Executive Officer (or their delegate).

JORC

In accordance with *Listing Rule 5.6* and the *2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code), NuCoal has procedures in place to ensure it obtains the relevant Competent Person's signoff in relation to the disclosure of exploration results, mineral resources and ore reserves.

Principle 6: Respect the rights of security holders

Shareholder Communications

NuCoal has adopted a *Shareholder Communications Policy* and *Privacy Policy*, copies of which are available on the Company's website.

NuCoal aims to ensure that its shareholders, on behalf of whom the Boards acts, are informed of all information necessary to assess the performance of the Directors and the Company.

Information is communicated to shareholders and the market through:

- The Annual Report;
- Other periodic reports (Half Year and Quarterly Reports), which are lodged through the ASX and are available for shareholder scrutiny;
- Other announcements made in accordance with the ASX Listing Rules;
- Special purpose information memoranda issued to shareholders, as appropriate;
- The Annual General Meeting and other meetings, as appropriate; and
- The Company's website.

Corporate Governance Statement (continued)

The Group is committed to minimising its impact on the environment, and for this reason encourages shareholders to receive communication from and send communications to, the Group and its share registry, electronically. Communicating with shareholders by electronic means, particularly through the Group's website, is an efficient way of distributing information in a timely and convenient manner.

General Meetings

Shareholders are encouraged to attend the Company's Annual General Meeting (AGM). Shareholders are given the opportunity to ask questions at the AGM and to vote.

Principle 7: Recognise and manage risk

Risk Committee

The Risk Committee was disbanded effective 1 March 2015 due to the Board's decision to make the Group's entire workforce redundant; therefore all processes of a Risk Committee are now the responsibility of the Board.

Further, the Company's Audit Committee monitors the Company's financial risks. Refer to page 17 of the Corporate Governance Statement which outlines the specific roles and responsibilities of the Audit Committee.

Internal audit

The Group does not have an internal audit function; however the Company has designed and implemented a risk management and internal control system to manage the Company's material business risks. The Board and Audit Committee receive reports from management in respect of the effectiveness of the Company's material business risks.

Principle 8: Remunerate fairly and responsibly

Remuneration Policies

The Remuneration Committee was disbanded effective 1 March 2015 due to the Board's decision to make the Group's entire workforce redundant; therefore, all processes of a Remuneration Committee are now the responsibility of the Board.

The Company's remuneration policies and details of the nature and amount of remuneration paid to Directors' and key executives during the year are set out in the Directors' Report on pages 6 to 10 *(ASX Recommendations 8.2 and 8.3).*

Remuneration Review

The remuneration levels of Directors and executive KMP are reviewed by the Board (with abstentions from relevant Directors where there is a conflict of interest). Where the Board considers that particular expertise or information is required, appropriate external advice may be taken and reviewed prior to a final decision by the Board. In respect of the Group's equity based remuneration scheme, executive KMP are not permitted to enter into transactions which limit the economic risk of participating in the scheme.

NuCoal Resources Ltd ABN 29 060 352 990
Annual Report – 30 June 2019

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This financial report is the consolidated financial report for the consolidated entity consisting of NuCoal Resources Ltd and its subsidiaries. This financial report is presented in the Australian currency.

NuCoal Resources Ltd is a for profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The registered office and principal place of business is:

Unit 8, 24 Garnett Road
Greenhills NSW 2323

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on pages 4 to 5, which is not part of these financial statements.

The financial report of NuCoal Resources Ltd for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of Directors on 30 September 2019. The company has the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.nucoal.com.au.

	Notes	2019 $	2018 $
Continuing operations			
Other income	5	**399,834**	67,290
Administration expenses		**(123,686)**	(38,879)
Accounting and audit fees		**(49,263)**	(98,460)
Consultants		**(458,291)**	(461,831)
Depreciation	9	**(15)**	(6,274)
Directors fees		**(59,067)**	(86,567)
Employee benefits expense		**(33,596)**	(33,338)
Exploration		**(2,397)**	(44,036)
Finance costs		**(1,559)**	(3,053)
Insurance		**(104,594)**	(102,163)
Land management and maintenance expense		**-**	(17)
Legal fees		**(118,412)**	(118,928)
Listing fees		**(59,195)**	(42,129)
Other expenses		**(22,757)**	(9,573)
Property expenses		**-**	(1,348)
Rent		**(63,408)**	(56,638)
Travel and accommodation		**(6,552)**	(19,049)
Loss before income tax		**(702,958)**	(1,054,993)
Income tax expense	6	**-**	-
Loss for the year		**(702,958)**	(1,054,993)
Loss is attributable to:			
Equity holders of NuCoal Resources Ltd		**(702,958)**	(1,054,993)
Non-controlling interest		**-**	-
Other comprehensive income / (loss)		**-**	-
Total comprehensive loss for the year		**(702,958)**	(1,054,993)
Total comprehensive loss is attributable to:			
Equity holders of NuCoal Resources Ltd		**(702,958)**	(1,054,993)
Non-controlling interest			-
Earnings per share for loss attributable to the ordinary equity holders of the company:		**Cents**	Cents
Basic loss per ordinary share	25	**(0.09)**	(0.14)
Diluted loss per ordinary share	25	**(0.09)**	(0.14)

The above Statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

	Notes	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**764,240**	588,341
Term deposits	7	**3,400,000**	4,000,000
Restricted cash and cash equivalents	7	**20,000**	20,000
Prepayments		**49,932**	71,170
Trade and other receivables	8	**43,834**	17,147
Total current assets		**4,278,006**	4,696,658
Non-current assets			
Trade and other receivables		**67,496**	-
Property, plant and equipment	9	**-**	15
Water licences	10	**500,000**	866,000
Total non-current assets		**567,496**	866,015
Total assets		**4,845,502**	5,562,673
LIABILITIES			
Current liabilities			
Trade and other payables	12	**47,813**	62,026
Total liabilities		**47,813**	62,026
Net assets		**4,797,689**	5,500,647
EQUITY			
Share Capital	14	**88,138,807**	88,138,807
Reserves	15	**4,608,035**	4,608,035
Accumulated Losses	16	**(87,949,153)**	(87,246,195)
Total equity		**4,797,689**	5,500,647

The above Statement of financial position is to be read in conjunction with the accompanying notes.

	Attributable to the owners of NuCoal Resources Ltd			
	Contributed equity	Reserves	Accumulated losses	Total Equity
	$	$	$	$
Balance at 30 June 2017	**88,138,807**	**4,608,035**	**(86,191,202)**	**6,555,640**
Loss for the year	-	-	(1,054,993)	(1,054,993)
Other comprehensive income / (loss) for the year	-	-	-	-
Total comprehensive loss for the year	-	-	*(1,054,993)*	*(1,054,993)*
Balance at 30 June 2018	**88,138,807**	**4,608,035**	**(87,246,195)**	**5,500,647**
Balance at 1 July 2018	**88,138,807**	**4,608,035**	**(87,246,195)**	**5,500,647**
Loss for the year	-	-	(702,958)	(702,958)
Other comprehensive income / (loss) for the year	-	-	-	-
Total comprehensive loss for the year	-	-	*(702,958)*	*(702,958)*
Balance at 30 June 2019	**88,138,807**	**4,608,035**	**(87,949,153)**	**4,797,689**

The above statement of changes in equity is to be read in conjunction with the accompanying notes.

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts		**13,191**	29,527
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,165,492)**	(1,068,564)
Payments for exploration and evaluation		**(2,396)**	(44,036)
Interest received		**60,410**	20,542
Rental income received		**-**	12,087
Net cash outflows used in operating activities	24	**(1,094,287)**	(1,050,444)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	4,077,834
Proceeds from disposal of water licences		670,186	-
Net cash inflows used in investing activities		**670,186**	4,077,834
Proceeds from financing activities			
Transfer of funds to term deposit		**-**	(4,000,000)
Drawdown from term deposits		**600,000**	-
Net cash flows from financing activities		**600,000**	(4,000,000)
Net (decrease) increase in cash and cash equivalents		**175,899**	(972,610)
Cash and cash equivalents at the beginning of the financial year		**588,341**	1,560,951
Cash and cash equivalents at the end of year	7	**764,240**	588,341

The above statement of cash flows is to be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated. The financial statements have been prepared for the consolidated entity consisting of NuCoal Resources Ltd and its subsidiaries for the year ended 30 June 2019.

(a) Basis of preparation

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001* (Cth). The financial report also complies with International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial report has been prepared under the historical cost convention.

Critical accounting estimates and significant judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Material assumptions and estimates significant to the financial statements are outlined in note 3.

Statement of compliance
The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

Going concern
The Group recorded a net loss after tax of $702,958 for the year ended 30 June 2019, however given the strong cash position of the Company and nil committed expenditure, the consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will realise its assets and extinguish its liabilities on normal terms and conditions.

The directors have prepared a detailed cash flow forecast for the 15 month period from 1 July 2019 which indicates that the Group has sufficient funds available to meet liabilities as and when they fall due.

(b) Principles of consolidation

Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of NuCoal Resources Ltd and its subsidiaries as at 30 June 2019. NuCoal Resources and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the Group on the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. Summary of significant accounting policies (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated comprehensive income statement and statement of financial position and statement of changes in equity respectively.

(c) Revenue Recognition

Interest revenue is recognised when earned. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount on initial recognition.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly-owned Australian controlled entities have elected to implement tax consolidation legislation. As a consequence, all members of the tax-consolidated group are taxed as a stand-alone taxpayer. The head entity within the tax-consolidated group is NuCoal Resources Ltd.

(e) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1. Summary of significant accounting policies (continued)

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are reported at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates use to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Cash and term deposits

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits at call with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash and cash equivalents relates to short-term deposits held as security for bank guarantees provided to Industry and Investment NSW – Mineral Resources and with an original maturity of more than three months.

For the purposes of the statement of cash flows - cash and cash equivalents includes cash on hand, deposits held at-call with financial institutions net of outstanding bank overdrafts.

(h) Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Trade receivables are normally due for settlement no more than 30 days from the date of recognition.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of receivables. Bad debts are written off when identified.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses. Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The Group may acquire property to assist with the future development of projects, and in some instances the purchase price paid exceeds the fair value of the property at the time of acquisition. This excess purchase price is capitalised to exploration and evaluation expenditure as a direct cost of the relevant project.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

1. Summary of significant accounting policies (continued)

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of tax, is transferred from the property, plant and equipment revaluation reserve to retained earnings.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life. Assets are depreciated or amortised from the date of acquisition, or in respect of internally constructed assets, from the time the asset is completed and held ready for use. Depreciation is calculated using the straight line method to their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 20 years
- Leasehold improvements 5 years
- Plant and equipment 10 years
- Office equipment 4 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

(j) Water licences

Water licence assets held by the Group meet the definition of an intangible asset as per *AASB 138 Intangible Assets*. In accordance with AASB 138, water licence assets are carried at cost or fair value as indicated, less, where applicable, any accumulated impairment losses. Refer note 10 for details of the Group's water licences held.

In accordance with *AASB 136 Impairment of Assets*, the Group tests its water licence assets for impairment either annually or whenever there is an indication that the asset may be impaired. In doing this, the Group carries out an assessment of the recoverable value of the water licence assets and compares this to the carrying amount. Any excess amount of the carrying amount over the recoverable amount is treated as an impairment loss and included in profit and loss.

(k) Exploration, evaluation and development expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:
(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
    (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; and
    (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

1. Summary of significant accounting policies (continued)

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

Following the cancellation of the Doyles Creek Exploration Licence by the NSW Government in January 2014, the Directors have determined that any future costs associated with this Project are to be written off when incurred.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or rights are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or rights for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 25).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(p) Rounding of amounts

The company is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in these financial statements. Amounts in these financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

1. Summary of significant accounting policies (continued)

(q) New and Amended standards and interpretations

The Group has adopted *AASB 9 Financial Instruments* from 1 July 2018. AASB 9 replaces the provisions of *AASB 139 Financial Instruments: Recognition and Measurement*, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The accounting for the Group's financial assets and financial liabilities as a result of adopting AASB 9 remains largely the same as under AASB 139. As a result, there has been no quantitative impact on the Group and no need to restate comparative information.

<u>Accounting Policy applied from 1 July 2018:</u>

Trade Receivables: Trade Receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Trade receivables are normally due for settlement no more than 30 days from the date of recognition. A provision for doubtful debts is recognised to approximate the lifetime expected credit loss of receivables in accordance with *AASB 9 Financial Instruments*. Bad debts are written off when identified.

(r) New accounting standards and interpretations not yet adopted

The following recently issued standard and interpretation is relevant to current operations. The standard is available for early adoption but has not been applied by the Group in this financial report.

- *AASB 16 Leases* becomes mandatory for the Group's 2020 financial report and removes the classification of leases between finance and operating leases effectively treating all leases as finance leases for the lessee. The purpose is to provide greater transparency of a lessee's financial leverage and capital employed.

The Group has assessed the impact of the new standard noted above and does not expect any material impact to the financial statements.

2. Financial risk management

The Group's activities expose it to a variety of financial risks such as market risk (including interest rate risk), credit risk and liquidity risk. The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. Management continually assess, monitor and manage the operational, financial reporting and compliance risks of the Company and report material risks to the Board.

Fair Values

The carrying amounts of cash and cash equivalents, term deposits, trade and other receivables and trade and other payables approximate their fair value due to the relatively short period to maturity of these instruments.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The following outlines the Group's fair value hierarchy.

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There are no off-balance sheet financial assets or liabilities at year end.

2. Financial risk management (continued)

Market risk

Interest rate risk: Interest rate risk arises from the Group's term deposits. The Group seeks to maximise interest on its funds by exposure to short term fixed investments. Refer note 20 for further information.

Credit risk

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum exposure to credit risk in relation to each class of recognised financial asset is the carrying value of those assets. Credit risk, with respect to cash, is managed by depositing funds only with recognised financial institutions that maintain strong credit ratings.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Refer note 20 for further information.

Capital management

The Board's policy is to maintain a strong capital base and net asset position, so as to maintain investor, creditor and market confidence and to sustain future development of the business. In the event that management consider that the consolidated entity would benefit from strengthening its capital base and/or net asset position, multiple options would be considered, for example raising additional capital and/or introduction of strategic investors. The Directors would assess such options that are expected to be most beneficial for shareholders. The ultimate objective of managing the Company's equity is to enable an adequate Total Shareholder Return (TSR). TSR includes the total increase (decrease) in the consolidated entity's share price, after adjusting for the effects of bonus issues. There were no changes in the consolidated entity's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Water licences

Water licence assets are recognised as an intangible asset with an indefinite useful life. As per Note 1(j) – the Group is required to test these assets for impairment, at least annually. For the year ending 30 June 2019, the Group performed an annual impairment test for the water licence assets which involved the assessment of various judgements and assumptions. The assessment has been made by the reference to fair value less costs of disposal and carrying amount was confirmed to be recoverable. No impairment was required to be recognised for the remaining water licences held as at 30 June 2019.

4. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group operates in the coal industry in New South Wales, Australia. As operating results are not currently reported to the chief operating decision-maker on a project by project basis, detailed segment reporting has not been performed.

5. Other income

	Consolidated 2019 $	2018 $
Interest income	**82,457**	20,543
Other income [1]	**317,377**	46,747
Total Other Income	**399,834**	67,290

(1) This balance mostly relates to a gain on sale associated with the disposals of two high security Hunter Valley water licences. Refer Note 10.

6. Income tax expense

	Consolidated 2019 $	2018 $
(a) Income tax expense		
Current tax	**(187,707)**	(293,668)
Deferred tax	**-**	-
Tax losses not recognised	**187,707**	293,668
	-	-
Deferred income tax expense / (benefit) included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets (note 11)	**6,371**	9,867
(Decrease) / increase in deferred tax liabilities (note 13)	**(6,371)**	(9,867)
Deferred tax expense	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
(Loss) from continuing operations before income tax expense	**(702,958)**	(1,054,995)
Tax at the Australian tax rate of 27.5% (30 June 2018 – 27.5%)	**(193,313)**	(290,124)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Donations	**685**	-
Legal fees	**327**	-
Other	**1,716**	(3,544)
Other income	**-**	-
Tax losses not recognised – current year	**187,707**	293,668
Income tax expense – current and deferred	**-**	-

Deferred tax assets have only been recognised to the extent that they offset deferred tax liabilities. The company has unrecognised tax losses for which no tax loss has been booked as a deferred tax asset of approximately $69 million in 2019 (2018: $68 million). The benefit of income tax losses will only be obtained if:

(i) The Group derive future income of a nature and of an amount to enable the benefit from the deductions for the losses to be realised;
(ii) The Group continue to comply with the conditions for deductibility imposed by tax legislation; and
(iii) No changes in tax legislation adversely affect the Group in realising benefit from the deductions from the losses.

7. Current assets – Cash and deposits

	Consolidated	
	2019	2018
	$	$
Cash at bank and in hand	**764,240**	588,341
Total Cash and cash equivalents	**764,240**	588,341
Term deposits	**3,400,000**	4,000,000
Restricted cash and cash equivalents	**20,000**	20,000

(a) Risk exposure

All cash investments are held in transactional bank accounts or on term deposit held with international banks. The credit risk exposure of the Group in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

(b) Term Deposits

The $3.4 million balance relates to a term deposit with a maturity of 3 months or less.

(c) Restricted Cash and Cash equivalents

Restricted cash and cash equivalents relates to a term deposit with a maturity of 3 months or more. The term deposit is security for a bank guarantee provided to Industry and Investment NSW – Mineral Resources in respect of EL 6812.

8. Current assets – Trade and other receivables

	Consolidated	
	2019	2018
	$	$
GST and other tax receivables	**20,190**	13,053
Interest receivables	**20,004**	-
Other receivables	**3,640**	4,094
	43,834	17,147

(a) Impaired trade receivables

There are no trade receivables that have been impaired as at 30 June 2019. In addition, no trade receivables are past due.

9. Non-current assets – Property, plant and equipment

Consolidated	Land	Buildings	Furniture fittings & equipment	Leasehold Improve ments	Motor Vehicles	Property Plant & Equipment	Total
	$	$	$	$	$	$	$
Cost or valuation							
At 1 July 2017	4,979,376	423,948	64,370	12,452	21,364	120,865	5,622,375
Additions	-	-	-	-	-	-	-
Disposals & write offs	(4,979,376)	(214,331)	(21,575)	(12,452)	(21,364)	(119,743)	(5,368,841)
Transfers	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-
At 30 June 2018	**-**	**209,617**	**42,795**	**-**	**-**	**1,122**	**253,534**
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-
At 30 June 2019	**-**	**209,617**	**42,795**	**-**	**-**	**1,122**	**253,534**
Depreciation and impairment							
At 1 July 2017	(4,979,376)	(363,948)	(61,599)	(9,176)	(16,696)	(68,739)	(5,499,534)
Depreciation charge for the year	-	-	(1,437)	(1,576)	(249)	(3,012)	(6,274)
Disposals	4,979,376	154,331	20,241	10,752	16,945	70,644	5,252,289
Impairment	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-
At 30 June 2018	**-**	**(209,617)**	**(42,795)**	**-**	**-**	**(1,107)**	**(253,519)**
Depreciation charge for the year	-	-	-	-	-	(15)	(15)
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-
At 30 June 2019	**-**	**(209,617)**	**(42,795)**	**-**	**-**	**(1,122)**	**(253,534)**
Net Book Value							
At 30 June 2018	-	-	-	-	-	15	15
At 30 June 2019	-	-	-	-	-	-	-

10. Non-current assets – Water licences

	Consolidated 2019 $	2018 $
Opening balance	**866,000**	866,000
Additions	**-**	-
Disposals [1]	**(366,000)**	-
Impairment [2]	**-**	-
Closing balance	**500,000**	866,000

(1) The Group disposed of two high security Hunter Valley water licences in May 2019.

(2) In accordance with *AASB 136 Impairment of Assets*, the Group tests its water licence assets for impairment at least annually. For FY2019, the Group performed an annual impairment test which involved the assessment of various judgements and assumptions. The assessment has been made by the reference to fair value less costs of disposal and carrying amount was confirmed to be recoverable. No impairment was required to be recognised as at 30 June 2019.

11. Non-current assets – Deferred tax assets

	Consolidated 2019 $	2018 $
Temporary differences attributable to:		
Accruals	**6,000**	10,500
Carry-forward tax losses recognised	**8,979**	10,851
Total deferred tax assets	**14,979**	21,351
Set-off of deferred tax liabilities pursuant to set-off provisions (note 13)	**(14,979)**	(21,351)
Net deferred tax assets	**-**	-

12. Current liabilities – Trade and other payables

	Consolidated 2019 $	2018 $
Trade payables	**47,813**	62,026
	47,813	62,026

13. Non-current liabilities – Deferred tax liabilities

	Consolidated 2019 $	2018 $
Temporary differences attributable to:		
Prepayments	**14,979**	21,351
Total deferred tax liabilities	**14,979**	21,351
Set-off of deferred tax liabilities pursuant to set-off provisions (note 11)	**(14,979)**	(21,351)
Net deferred tax liabilities	**-**	-

14. Contributed equity

	Consolidated 2019 $	2018 $
(a) Share capital		
Closing balance	**88,138,807**	88,138,807

(b) Movements in ordinary share capital

The Group has had no movement in share capital since 30 June 2012. The current number of shares on issue is 768,612,354.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Employee share scheme

Information relating to the Long-term Incentive Employee Share Plan, including details of shares issued under the Plan is set out in note 26.

(e) Share buy-back

There were no share buy-backs in the period.

15. Reserves

	Consolidated 2019 $	2018 $
(a) Reserves		
Share-based payments reserve	**4,608,035**	4,608,035

(b) Nature and purpose of reserves

The share-based payments reserve is used to recognise the fair value of shares issued but not vested under the Long-term Incentive Employee Share Plan. There has been no movement in the share-based payments reserve since 2012.

16. Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated 2019 $	2018 $
Opening accumulated losses	**(87,246,195)**	(86,191,202)
Net loss for the year	**(702,958)**	(1,054,993)
Balance 30 June	**(87,949,153)**	(87,246,195)

17. Dividends

No dividends were announced or paid during the year ended 30 June 2019 (2018: nil).

18. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity.

	Consolidated	
	2019	2018
	$	$
Audit and review of financial statements	**30,406**	30,100
Other services		-
Total remuneration for audit and other services	**30,406**	30,100

It is the Group's policy to employ Ernst & Young on assignments additional to their statutory audit duties where their expertise and experience with the Company are important. It is Company policy to seek competitive tenders for all major consulting projects.

19. Commitments

The Group has no capital expenditure or lease commitments.

20. Financial instruments

This note is to be read in conjunction with note 2.

(a) Credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Consolidated	
		2019	2018
		$	$
Cash and cash equivalents	7	**764,240**	588,341
Term deposits	7	**3,400,000**	4,000,000
Restricted cash and cash equivalents	7	**20,000**	20,000
Trade and other receivables – current	8	**43,834**	17,147
Trade and other receivables – non-current		**67,496**	-
		4,295,570	4,625,488

Impairment losses - None of the Group's receivables are past due or impaired (2018: nil).

(b) Market risk

Interest rate risk: At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2019		**2018**	
	Weighted average interest rate	**Total $**	**Weighted average interest rate**	**Total $**
Variable rate instruments				
Cash and cash equivalents	0.51%	764,240	0.78%	588,341
Term deposit	2.33%	3,400,000	2.40%	4,000,000
Restricted cash and cash equivalents	2.01%	20,000	1.88%	20,000
		4,184,240		**4,608,341**

20. Financial instruments (continued)

The Group has considered sensitivity analysis and noted that if the interest rate were to increase/decrease by 100 basis points, the impact to the profit and loss would be $41,824 (2018: $46,105).

The effective interest rate for the cash and cash equivalents of the Group was 0.51% (2018: 0.78%).

(c) Liquidity risk

The following are the contractual maturities of financial liabilities.

30 June 2019

	Carrying amount	Contractual cash flow	12 Mths or less	1-2 years	2-5 years	More than 5 years
Trade and other payables	47,813	47,813	47,813	-	-	-
Total	**47,813**	**47,813**	**47,813**	**-**	**-**	**-**

30 June 2018

	Carrying amount	Contractual cash flow	12 Mths or less	1-2 years	2-5 years	More than 5 years
Trade and other payables	62,026	62,026	62,026	-	-	-
Total	**62,026**	**62,026**	**62,026**	**-**	**-**	**-**

21. Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is NuCoal Resources Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in note 22.

(c) Transactions with related parties

The Group's directors and management are engaged and paid via individual companies. Details of transactions are outlined below:

	Consolidated	
	2019	2018
	$	$
Megan Etcell via Etcell Consulting Pty Ltd	**167,344**	198,750
Gordon Galt via Veromas Pty Ltd	**29,067**	29,067
Glen Lewis via Lewis Mining Consulting Pty Ltd	**27,500**	27,500
James Beecher via CFO Advisors Pty Ltd	**2,500**	30,000

22. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding * 2019	2018
			%	%
Doyles Creek Mining Pty Limited	Australia	Ordinary	**100**	100
NuCoal Share Plan 1 Pty Ltd	Australia	Ordinary	**100**	100
Dellworth Pty Ltd	Australia	Ordinary	**100**	100

The proportion of ownership interest is equal to the proportion of voting power held.

23. Events occurring after the reporting period

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations or the state of affairs of the Group in the future financial years.

24. Reconciliation of loss after income tax to net cash flow from operating activities

	Consolidated 2019	2018
	$	$
Loss for the year	**(702,958)**	(1,054,993)
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation	**15**	6,274
Loss (gain) on disposal of fixed assets	**(304,186)**	(11,282)
Impairment	**-**	-
Net cash provided by operating activities before change in assets and liabilities	**(1,007,129)**	(1,060,001)
Change in operating assets and liabilities		
(Increase) decrease in trade debtors	**(26,687)**	21,516
(Increase) decrease in prepayments	**21,238**	(32,888)
Increase (decrease) in trade creditors	**(14,213)**	20,929
Increase (decrease) in other liabilities	**(67,496)**	-
Net cash inflow (outflow) from operating activities	**(1,094,287)**	(1,050,444)

25. Earnings per share

	Consolidated 2019 Cents	2018 Cents
(a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	**(0.09)**	(0.14)
Total basic loss per share attributable to the ordinary equity holders of the company	**(0.09)**	(0.14)
(b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company	**(0.09)**	(0.14)
Total diluted loss per share attributable to the ordinary equity holders of the company	**(0.09)**	(0.14)

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated 2019 $	2018 $
Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(702,958)**	(1,054,993)
Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the company used in calculating diluted basic earnings per share	**(702,958)**	(1,054,993)

(d) Weighted average number of shares used as the denominator

	Consolidated 2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**768,612,354**	768,612,354
Adjustments for calculation of diluted earnings per share	**-**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**768,612,354**	768,612,354

(e) Information concerning the classification of securities

Shares granted under the Long-term incentive Employee Share Plan

Shares granted to employees under the ESP are considered to be potential ordinary shares and are not dilutive so are therefore not included in the determination of diluted earnings per share. Details relating to the shares are set out in the Remuneration Report on pages 6 to 10.

26. Share based payments

Long-term Incentive Employee Share Plan

The establishment of the Long-term Incentive ESP was approved by shareholders at the 28 May 2010 general meeting. The Long-term Incentive ESP is designed to provide long-term incentives for the Group's key management personnel (being directors and executive management) to deliver long-term shareholder returns. Pursuant to *Listing Rule 10.14*, approval from Shareholders has been obtained for Directors to be eligible to participate in the Long-term Incentive Employee Share Plan.

Under the ESP, eligible participants may be granted shares on terms and conditions determined by the Board and as documented in the Share Plan Rules and Trust Deed. Shares granted to participants are to be held in Trust until vesting conditions attached to the shares are satisfied. If the vesting conditions are satisfied, the shares are exercised and delivered from the Trust to the eligible participant at nil cost. The shares granted under the ESP do not have an expiry date.

Shares held by eligible participants who cease being a Director or employee of the Group are forfeited immediately.

Consolidated – 2019

- No shares were granted or exercised under the ESP during the year ended 30 June 2019.
- All long-term incentives held by Mr Beecher were forfeited on his resignation, effective 3 August 2018. No other shares were forfeited during the year ended 30 June 2019.

Consolidated – 2018

- No shares were granted or exercised under the ESP during the year ended 30 June 2018.
- No shares were forfeited during the year ended 30 June 2018.

27. Parent entity disclosures

A. Financial position

	30 June 2019 $	30 June 2018 $
ASSETS		
Current assets	**4,235,873**	4,654,335
Non-current assets	**609,639**	908,348
Total assets	**4,845,512**	5,562,683
LIABILITIES		
Current liabilities	**47,823**	62,036
Non-current liabilities	**-**	-
Total liabilities	**47,823**	62,036
Net assets	**4,797,689**	5,500,647
EQUITY		
Share Capital	**84,056,997**	84,056,997
Accumulated Losses	**(83,867,343)**	(83,164,385)
RESERVES		
Share based payment reserve	**4,608,035**	4,608,035
Total equity	**4,797,689**	5,500,647

B. Financial performance

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Loss for the year	**(702,958)**	(1,054,993)
Other comprehensive income / (loss)		
Total comprehensive loss	**(702,958)**	(1,054,993)

C. Other information

No guarantees or contingencies were entered into during the year ended 30 June 2019 by the parent Company (2018: nil).

Investments in subsidiaries are accounted for at cost in the individual financial statements of NuCoal Resources Ltd.

The parent entity has no capital expenditure or lease commitments.

In the Directors' opinion:

(a) the financial statements and notes thereto are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2019 and of their performance for the financial year ended on that date,

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001.*

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001.*

On behalf of the Directors

G Galt
Chairman
Sydney, 30 September 2019

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working world

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Independent Auditor's Report to the Members of NuCoal Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of NuCoal Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment assessment of Water Licences

Why significant	How our audit addressed the key audit matter
At 30 June 2019, the Group's consolidated statement of financial position included water licences with a value of $500,000. These are recognised as an intangible asset with an indefinite useful life and are therefore required to be tested at least annually for impairment. This was considered to be a Key Audit Matter due to the value of the balance in the consolidated statement of financial position relative to total assets, and the significant judgments and assumptions involved in the impairment assessment. Refer to Note 1 and note 10 within the financial report for the amounts recorded on the consolidated statement of financial position as at 30 June 2019 and related disclosures.	Our audit procedures included the following: ‣ Assessed whether the methodology used by the Group met the requirements of Australian Accounting Standards. ‣ Considered the competence, capabilities and objectivity of the Group's external expert who produced the valuation. ‣ Assessed the inputs used by the Group in the impairment assessment. This included consideration of recent sales of water licences. ‣ Tested the mathematical accuracy of the water licence valuation. ‣ Evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of NuCoal Resources for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Scott Jarrett
Partner
Sydney
30 September 2019

Shareholder information for listed public companies

The shareholder information set out below was applicable as at 11 September 2019.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Distribution	Number of shareholders
1 – 1,000	1,073
1,001 – 5,000	310
5,001 – 10,000	197
10,001 – 100,000	737
100,001 and over	416
TOTAL	**2,733**

There were 1,924 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Quoted equity securities

Total quoted equity securities: 768,612,354

The names of the twenty largest holders of quoted equity securities are listed below.

Ordinary Shares		Number held	Percentage
1	J P Morgan Nominees Australia Pty Limited	169,217,897	22.02%
2	Campbell Kitchener Hume & Associates Pty Ltd	27,239,374	3.54%
3	Baysoni Pty Ltd	26,769,200	3.48%
4	NuCoal Share Plan 1 Pty Ltd	25,180,000	3.28%
5	Big Ben Holdings Pty Limited	25,100,000	3.27%
6	Aigle Royal Superannuation Fund Pty Ltd	24,016,318	3.12%
7	Mr Michael Davies	22,950,440	2.99%
8	Chembank Pty Limited	20,000,000	2.60%
9	Aquila Resources Ltd	18,000,000	2.34%
10	HSBC Custody Nominees (Australia) Limited	16,301,122	2.12%
11	Ilwella Pty Ltd	13,688,363	1.78%
12	Citicorp Nominees Pty Limited	11,530,571	1.50%
13	Mr Nicholas Dermott Mcdonald	11,370,226	1.48%
14	Quangi Pty Ltd	10,750,593	1.40%
15	Gleneagle Securities (Aust) Pty Ltd	9,150,000	1.19%
16	Mr Andrew Poole & Mrs Maxine Poole	8,558,083	1.11%
17	Mr Dmitry Gamayunov & Mrs Ina Gamayunov	8,329,024	1.08%
18	Chifley Portfolios Pty Limited	8,000,000	1.04%
19	Lonway Pty Limited	7,586,902	0.99%
20	UBS Nominees Pty Ltd	7,400,000	0.96%
	Total	**471,138,113**	**61.30%**

Shareholder information for listed public companies (continued)

Unquoted equity securities

The Company does not have any unquoted equity securities.

C. Substantial holders

Substantial holders in the Company are set out below.

Ordinary Shares	Number held	Percentage
1. Taurus Funds Management Pty Limited	145,455,105	18.92%
TOTAL	**145,455,105**	**18.92%**

D. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

E. Interests in Mining Tenements

Tenement	Location	% interest
EL6812	Savoy Hill, New South Wales	100

F. Other Information

NuCoal Resources Ltd is incorporated and domiciled in Australia, and is a publicly listed Company limited by shares.