



**NUCOAL**  
RESOURCES LTD

# ASX Announcement

13 March 2020

## Interim Report for the half-year ended 31 December 2019

NuCoal Resources Ltd (ASX: NCR) is pleased to announce the release of its Interim Report for the half-year ended 31 December 2019.

For and on behalf of NuCoal Resources Ltd.

Megan Etccl  
Company Secretary  
Tel: +61 2 4013 6181

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**ASX:NCR • Share Information**  
Issued Shares: 768.6m

**Board of Directors**

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

# **NuCoal Resources Limited**

ABN 29 060 352 990

## **Interim report for the half-year ended 31 December 2019**



# NuCoal Resources Limited ABN 29 060 352 990

## Interim report - 31 December 2019

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any announcements made by NuCoal Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of NuCoal Resources Limited (referred to hereafter as the Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

### Directors

The following persons were directors of NuCoal Resources Limited during the whole of the half-year up to the date of this report, unless otherwise noted, are:

Gordon Galt  
*Non Executive Chairman*

Glen Lewis  
*Non Executive Director*

Michael Davies  
*Non Executive Director*

### Financial Overview

The consolidated statement of comprehensive income shows a net loss from ordinary activities for the half-year of \$408,015 compared with a net loss from ordinary activities of \$501,870 for the half-year ended 31 December 2018.

Net cash outflows from operating, investing and financing activities for the half-year ended 31 December 2019 were \$277,146 compared to net cash outflows of \$249,293 for the half-year ended 31 December 2018.

### Operational Highlights

#### Savoy Hill Coal Project (100%)

The application for renewal of the Savoy Hill tenement, Exploration Licence 6812 (**EL 6812**) is pending approval and following the standard department process for approval. The application was lodged with the Department of Planning and Environment, Resources and Geosciences, on 19 June 2018.

#### 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

On 6 June 2019, Rev Fred Nile introduced the Mining Amendment (Compensation for Cancellation of Exploration Licence) Bill 2019 (the Bill) in the NSW Upper House dealing with the appointment of an independent arbitrator to consider compensation for innocent NuCoal shareholders affected by the cancellation of EL 7270.

The 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.

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.

## Directors' report (continued)

The Standing Committee on Law and Justice tabled its report with the Clerk of the Parliaments on 30 October 2019. The report was made publicly available via the Standing Committee website on the same day. As outlined in the report, the Committee provided the following recommendations:

- **Recommendation 1** – That the Mining Amendment (Compensation for Cancellation of Exploration Licence) Bill 2019 not proceed in its current form.
- **Recommendation 2** – That the NSW Government address the outstanding matters raised during this inquiry, where appropriate, including the issue of compensation for innocent shareholders.

More recently, NuCoal has written to The Hon. John Barilaro with respect to finding an agreeable way forward on the NuCoal matter. The Company now awaits a reply to its formal correspondence dated 3 January 2020.

NuCoal will continue to progress the matter with the NSW Government to ultimately gain compensation for NuCoal and its innocent shareholders.

### 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.

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 around the time of the Committee hearings which reiterated its ongoing desire to resolve the claims of its NuCoal shareholders under the AUSFTA and which cited the proposed Compensation Bill as a potentially suitable way to resolve the matter.

Non-Executive Director, Glen Lewis, travelled to Washington D.C. in February 2020 to meet with a number of US Government Officials to update them on the status of the Company's compensation efforts.

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).

### 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 half-year

Other than outlined above, or elsewhere in this report, no other matters or circumstances have arisen since the end of the half-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 (continued)

### Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of this report.

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



G Galt  
Chairman  
Sydney, 13 March 2020



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

As lead auditor for the review of the half-year financial report of NuCoal Resources Limited for the half-year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Scott Nichols  
Partner  
Sydney  
13 March 2020

	31 December 2019 \$	31 December 2018 \$
Other income	32,667	35,362
Accounting and audit fees	(17,280)	(9,907)
Administration expense	(37,113)	(13,851)
Consultants	(140,270)	(256,129)
Directors' fees	(28,283)	(30,783)
Employee benefits expense	(15,312)	(17,404)
Exploration	(523)	(1,888)
Finance costs	(857)	(852)
Insurance	(50,524)	(50,591)
Legal fees	(77,239)	(83,150)
Listing fees	(36,822)	(33,930)
Other expenses	-	(6,237)
Rent	(35,515)	(28,546)
Travel and accommodation	(944)	(3,964)
<b>Loss before income tax</b>	<b>(408,015)</b>	<b>(501,870)</b>
Income tax expense	-	-
<b>Loss for the half-year</b>	<b>(408,015)</b>	<b>(501,870)</b>
Loss is attributable to:		
Equity holders of NuCoal Resources Limited	(408,015)	(501,870)
Other comprehensive income / (loss)	-	-
<b>Total comprehensive loss for the half-year</b>	<b>(408,015)</b>	<b>(501,870)</b>
Total comprehensive loss is attributable to:		
Equity holders of NuCoal Resources Limited	(408,015)	(501,870)
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for loss attributable to the ordinary equity holders of the company:</b>		
Basic loss per ordinary share	(0.05)	(0.07)
Diluted loss per ordinary share	(0.05)	(0.07)

*The above statement of comprehensive income is to be read in conjunction with the accompanying notes.*



		31 December 2019	30 June 2019
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	487,093	764,240
Term deposits	3	3,300,000	3,400,000
Restricted cash and cash equivalents	3	20,000	20,000
Assets held for sale	5	500,000	-
Prepayments		35,655	49,932
Trade and other receivables		92,071	43,834
<b>Total current assets</b>		<b>4,434,819</b>	<b>4,278,006</b>
<b>Non-current assets</b>			
Trade and other receivables		-	67,496
Water licences		-	500,000
<b>Total non-current assets</b>		<b>-</b>	<b>567,496</b>
<b>Total assets</b>		<b>4,434,819</b>	<b>4,845,502</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		45,145	47,813
<b>Total current liabilities</b>		<b>45,145</b>	<b>47,813</b>
<b>Total liabilities</b>		<b>45,145</b>	<b>47,813</b>
<b>Net assets</b>		<b>4,389,674</b>	<b>4,797,689</b>
<b>EQUITY</b>			
Share capital	4	88,138,807	88,138,807
Reserves		4,608,035	4,608,035
Accumulated losses		(88,357,168)	(87,949,153)
<b>Total equity</b>		<b>4,389,674</b>	<b>4,797,689</b>

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

Attributable to the owners of  
 NuCoal Resources Limited

	Contributed equity	Shared based payment Reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>88,138,807</b>	<b>4,608,035</b>	<b>(87,246,195)</b>	<b>5,500,647</b>
Loss for the half-year	-	-	(501,870)	(501,870)
Other comprehensive loss for the half-year	-	-	-	-
<i>Total comprehensive loss for the half-year</i>	-	-	(501,870)	(501,870)
<b>Balance at 31 December 2018</b>	<b>88,138,807</b>	<b>4,608,035</b>	<b>(87,748,065)</b>	<b>4,998,777</b>
<b>Balance at 1 July 2019</b>	<b>88,138,807</b>	<b>4,608,035</b>	<b>(87,949,153)</b>	<b>4,797,689</b>
Loss for the half-year	-	-	(408,015)	(408,015)
Other comprehensive loss for the half-year	-	-	-	-
<i>Total comprehensive loss for the half-year</i>	-	-	(408,015)	(408,015)
<b>Balance at 31 December 2019</b>	<b>88,138,807</b>	<b>4,608,035</b>	<b>(88,357,168)</b>	<b>4,389,674</b>

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

	<b>31 December 2019</b>	31 December 2018
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of goods and services tax)	<b>(409,292)</b>	(582,767)
Interest received	<b>32,667</b>	35,362
Rental income received	-	-
<b>Net cash (outflow) from operating activities</b>	<b>(376,625)</b>	(547,405)
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	<b>(522)</b>	(1,888)
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(522)</b>	(1,888)
<b>Proceeds from financing activities</b>		
Drawdown from term deposits	<b>100,000</b>	300,000
<b>Net cash flows from financing activities</b>	<b>100,000</b>	300,000
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(277,147)</b>	(249,293)
Cash and cash equivalents at the beginning of the half-year	<b>764,240</b>	588,340
<b>Cash and cash equivalents at the end of the half-year</b>	<b>487,093</b>	399,047

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

## 1 Summary of significant accounting activities

### (a) Basis of preparation

The half-year consolidated financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard, *AASB 134 Interim Financial Reporting* and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period. The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report and corresponding interim report, except for the adoption of new accounting standards and policies as noted within Note 1(b).

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by NuCoal Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### (b) New and Amended standards and interpretations

The Group has adopted *AASB 16 Leases* from 1 July 2019. The Group is not party to any leases that are not short term in nature. Accordingly, adoption of the standard had no impact.

### (c) New accounting standards and interpretations not yet adopted

The Group does not expect any of the new accounting standards not yet required to be adopted to have an impact.

### (d) Fair Value

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

### (e) Going concern

The Group recorded a net loss after tax of \$408,015 for the half-year ended 31 December 2019, however given the strong cash position of the Company and minimal 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 31 December 2019 which indicates that the Group has sufficient funds available to meet its liabilities as and when they fall due.

## 2 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. Following adoption of AASB 8, identification of the Group's reportable segments has not changed.

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.

### 3 Current assets – cash

	December 2019 \$	June 2019 \$
Cash at bank and in hand	487,093	764,240
Total Cash and cash equivalents	<u>487,093</u>	<u>764,240</u>
Term deposits	<u>3,300,000</u>	3,400,000
Restricted cash and cash equivalents	<u>20,000</u>	<u>20,000</u>

### 4 Contributed equity

	Number of shares	\$
<b>(a) Share Capital</b>		
Opening balance 30 June 2018	768,612,354	88,138,807
<b>Balance at 31 December 2018</b>	<u>768,612,354</u>	<u>88,138,807</u>
<b>Balance at 30 June 2019</b>	<u>768,612,354</u>	<u>88,138,807</u>
<b>Balance at 31 December 2019</b>	<u>768,612,354</u>	<u>88,138,807</u>

### 5 Assets held for sale

	December 2019 \$	June 2019 \$
Assets held for sale	500,000	-
Total Assets held for sale	<u>500,000</u>	<u>-</u>

The Assets held for sale balance as at 31 December 2019 relates to a Hunter River General Security Water Licence Allocation held by the Company. Since half-year end, the Company has exchanged contracts with two parties for the sale of a significant portion of the allocation. The contracts are expected to settle within the coming months.

### 6 Commitments

The Group has no capital expenditure commitments.

### 7 Dividends

No dividends were announced or paid during the half-year ended 31 December 2019.

## **8 Events occurring after the reporting period**

Other than outlined above, or elsewhere in this report, no other matters or circumstances have arisen since the end of the half-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.

In the Directors' opinion:

- (a) the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard *AASB 134 Interim Financial Reporting and Corporations Regulations 2001*, and
  - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2019 and of their performance for the half-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.

This declaration is made in accordance with a resolution of the Directors.



G Galt  
Chairman  
Sydney, 13 March 2020



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

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of NuCoal Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





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## **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Scott Nichols  
Partner  
Sydney  
13 March 2020

## 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

### Executive Management

M Etcell B.Com, CA, MAICD  
*Chief Executive Officer, Chief Financial Officer and Company  
Secretary*

### Principal registered office in Australia

Unit 8, 24 Garnett Road  
Greenhills, NSW 2323  
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### Share registry

Link Market Services  
Level 12, 680 George Street  
Sydney, NSW 2000  
1300 554 474

### Auditor

Ernst & Young  
Ernst & 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 Limited shares are listed on the Australian  
Securities Exchange (ASX:NCR). The home exchange is  
Sydney.

### Website address

[www.nucoal.com.au](http://www.nucoal.com.au)