



ASX Announcement

12 March 2021

Interim Report for the half-year ended 31 December 2020

NuCoal Resources Ltd (ASX: NCR) is pleased to announce the release of its Interim Report for the half-year ended 31 December 2020.

This announcement has been authorised by the Board.

Date of Document: 12 March 2021

For and on behalf of NuCoal Resources Ltd:

Megan Etccl
Company Secretary
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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 2020



NuCoal Resources Limited ABN 29 060 352 990

Interim report - 31 December 2020

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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 2020 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 2020.

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 \$222,215 compared with a net loss from ordinary activities of \$408,015 for the half-year ended 31 December 2019.

Net cash outflows from operating, investing and financing activities for the half-year ended 31 December 2020 were \$223,544 compared to net cash outflows of \$277,147 for the half-year ended 31 December 2019.

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.

In accordance with the licence conditions of EL 6812, an Annual Report was completed and lodged with the DRG on Friday 17 July 2020. The Annual Report was assessed and accepted for archiving on 9 September 2020.

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 Standing Committee on Law and Justice (**Standing Committee**) considered a bill introduced by the Hon. Rev Fred Nile, the Mining Amendment (Compensation for Cancellation of Exploration Licence) Bill 2019 (**Compensation Bill**), during the second half of 2019. Following a detailed process, the Standing Committee 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.

Directors' report (continued)

As is standard protocol, the NSW Government was required to formally respond to Parliament within 6 months of the Standing Committee's report being published. On 30 April 2020, NuCoal received a copy of a letter from the NSW Attorney General, Mark Speakman, addressed to the Clerk of the Parliaments. The letter acknowledges the Standing Committee for their efforts, notes that the Government supports the Standing Committee with respect to Recommendation 1 (as noted above) and further notes that the position of the Government is reserved with respect to Recommendation 2 (also noted above).

Since receiving the correspondence NuCoal has continued its representations to the NSW Government. A follow-up letter was sent to the NSW Attorney General, Mark Speakman, dated 8 May 2020 asking what the next steps will be in this matter. Further letters and requests to relevant members of NSW Parliament have continued since then and are still being made. All representations request an opportunity to meet and discuss the matter with a view to obtaining a mutually agreed compensation position. The Government maintains that it is still considering the matter.

Shareholder communication

In May 2020, NuCoal sent out an email broadcast to shareholders who have an email address registered against their shareholding requesting assistance from them to contact relevant NSW State Government Cabinet Ministers to voice their ongoing concerns and to seek an update on compensation.

We received a number of replies from shareholders who have contacted the NSW Government. We encouraged all shareholders to make contact at that time and continue to recommend that shareholders should take the time to present their case.

Committee on the Independent Commission Against Corruption

On 8 May 2020, the Committee on the Independent Commission Against Corruption commenced an inquiry into the reputational impact on an individual being adversely named in the ICAC's investigations. The terms of reference for the Committee are noted below:

"That the Committee on the Independent Commission Against Corruption (ICAC) inquire into and report on the reputational impact on an individual being adversely named in the ICAC's investigations, with particular reference to:

- whether the existing safeguards and remedies, and how they are being used, are adequate, and*
- whether additional safeguards and remedies are needed, and*
- whether an exoneration protocol should be developed to deal with reputational impact, and*
- relevant practices in other jurisdictions, and*
- any other related matters."*

The Committee accepted public submissions until Friday 31 July 2020 and NuCoal provided a submission on that date. The submission pointed out that damage to the reputation of individuals is only one impact of ICAC's investigations, with NuCoal's shareholders having incurred huge financial loss as a result of the fundamentally flawed Acacia investigation and ICAC's recommendations. Accordingly, an exoneration protocol that only deals with reputational damage to individuals is totally inadequate. NuCoal's view is that damage caused by ICAC can only be corrected by providing damages commensurate with the damage done and in an appropriate form and quantum.

A public hearing was held at Parliament House on Friday 18 September 2020 however, the public was not able to attend as Parliament House was closed. The hearing was livestreamed on the Parliament's website.

A further public hearing was held on Wednesday 2 December 2020 and NuCoal volunteered to attend to provide further information regarding its submission, but the Committee did not extend an invitation to NuCoal.

The Committee is continuing its deliberations and will provide its views in due course.

Directors' report (continued)

International Efforts

The Company is continuing to pursue claims against the Australian Government on behalf of U.S. shareholders pursuant to 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 have 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 visited Washington DC in February 2020 and met a number of US Government politicians and officials to update them on the status of the Company's compensation efforts. Our lobbyists in Washington will re-present our case to any new officials in the USTR as part of the incoming Biden administration.

As previously communicated, shareholders should note that any successful action directly under the AUSFTA will benefit only the shareholders who bring and participate in the action (ie. US shareholders in NuCoal who held shares at the time of expropriation).

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.

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, 12 March 2021

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 2020, 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
12 March 2021

	31 December 2020 \$	31 December 2019 \$
Other income	15,152	32,667
Accounting and audit fees	(10,180)	(17,280)
Administration expense	(12,126)	(37,113)
Consultants	(36,975)	(140,270)
Directors' fees	(28,054)	(28,283)
Employee benefits expense	(17,300)	(15,312)
Exploration	(522)	(523)
Finance costs	(897)	(857)
Insurance	(66,405)	(50,524)
Legal fees	(80)	(77,239)
Listing fees	(26,413)	(36,822)
Rent	(37,815)	(35,515)
Travel and accommodation	(600)	(944)
Loss before income tax	(222,215)	(408,015)
Income tax expense	-	-
Loss for the half-year	(222,215)	(408,015)
Loss is attributable to:		
Equity holders of NuCoal Resources Limited	(222,215)	(408,015)
Other comprehensive income / (loss)	-	-
Total comprehensive loss for the half-year	(222,215)	(408,015)
Total comprehensive loss is attributable to:		
Equity holders of NuCoal Resources Limited	(222,215)	(408,015)
	Cents	Cents
Earnings per share for loss attributable to the ordinary equity holders of the company:		
Basic loss per ordinary share	(0.03)	(0.05)
Diluted loss per ordinary share	(0.03)	(0.05)

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

		31 December 2020	30 June 2020
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	528,090	751,634
Term deposits	3	3,300,000	3,300,000
Restricted term deposits	3	20,000	20,000
Prepayments		32,285	66,393
Trade and other receivables		101,682	80,428
Assets held for sale	4	60,000	60,000
Total current assets		4,042,057	4,278,455
LIABILITIES			
Current liabilities			
Trade and other payables		39,755	53,938
Total current liabilities		39,755	53,938
Net assets		4,002,302	4,224,517
EQUITY			
Share capital	5	88,138,807	88,138,807
Reserves		4,608,035	4,608,035
Accumulated losses		(88,744,540)	(88,522,325)
Total equity		4,002,302	4,224,517

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 (Note 5)	Shared based payment Reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2019	88,138,807	4,608,035	(87,949,153)	4,797,689
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)
Balance at 31 December 2019	88,138,807	4,608,035	(88,357,168)	4,389,674
Balance at 1 July 2020	88,138,807	4,608,035	(88,522,325)	4,224,517
Loss for the half-year	-	-	(222,215)	(222,215)
Other comprehensive loss for the half-year	-	-	-	-
<i>Total comprehensive loss for the half-year</i>	-	-	(222,215)	(222,215)
Balance at 31 December 2020	88,138,807	4,608,035	(88,744,540)	4,002,302

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

	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(233,419)	(409,292)
Interest received	10,397	32,667
Net cash (outflow) from operating activities	(223,022)	(376,625)
Cash flows from investing activities		
Payments for exploration and evaluation	(522)	(522)
Proceeds from disposal of property, plant and equipment	-	-
Net cash (outflow)/inflow from investing activities	(522)	(522)
Proceeds from financing activities		
Drawdown from term deposits	-	100,000
Net cash flows from financing activities	-	100,000
Net increase / (decrease) in cash and cash equivalents	(223,544)	(277,147)
Cash and cash equivalents at the beginning of the half-year	751,634	764,240
Cash and cash equivalents at the end of the half-year	528,090	487,093

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 2020 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 all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) New accounting standards and interpretations not yet adopted

Amendments to AASB 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in *AASB 3 Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendment to AASB 3 is effective for reporting periods beginning on or after 1 January 2020. Since amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to *IAS 1 Presentation of Financial Statements* and *IAS 8 Accounting Policies, Changes in Accounting estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide specific information about a specific reporting entity.'

These amendments are effective for reporting periods beginning on or after 1 January 2020. The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

1 Summary of significant accounting activities (continued)

Amendments to The Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting ('The Conceptual Framework') is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

These amendments are effective for annual periods beginning on or after 1 January 2020. They are not expected to have a significant impact on the Group's consolidated financial statements.

AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current

The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current. A liability is classified as current if an entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and specifically looks at the intention or expectation of management specific to the classification of liabilities.

These amendments are effective for annual periods beginning on or after 1 January 2022. They are not expected to have a significant impact on the Group's consolidated financial statements.

(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 \$222,215 for the half-year ended 31 December 2020, 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 1 January 2021 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 2020 \$	June 2020 \$
Cash at bank and in hand	528,090	751,634
Total Cash and cash equivalents	<u>528,090</u>	<u>751,634</u>
Term deposits	<u>3,300,000</u>	3,300,000
Restricted term deposits	<u>20,000</u>	<u>20,000</u>

4 Assets held for sale

	December 2020 \$	June 2020 \$
Assets held for sale	60,000	60,000
Total Assets held for sale	<u>60,000</u>	<u>60,000</u>

The Assets held for sale balance as at 31 December 2020 relates to a portion of a Hunter River General Security Water Licence Allocation held by the Company. The Company has marketed this allocation for sale with a water broker.

5 Contributed equity

	Number of shares	\$
(a) Share Capital		
Opening balance 30 June 2019	768,612,354	88,138,807
Balance at 31 December 2019	<u>768,612,354</u>	<u>88,138,807</u>
Balance at 30 June 2020	<u>768,612,354</u>	<u>88,138,807</u>
Balance at 31 December 2020	<u>768,612,354</u>	<u>88,138,807</u>

6 Commitments

The Group has no capital expenditure commitments.

7 Dividends

No dividends were announced or paid during the half-year ended 31 December 2020.

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 2020 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, 12 March 2021

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 2020, 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 2020 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 2020 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.



Independence

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

The logo for Ernst & Young, featuring the company name in a stylized, cursive script.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Scott Nichols'.

Scott Nichols
Partner
Sydney
12 March 2021

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
(02) 4013 6181

Share registry

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

Auditor

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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