

NuCoal Resources Limited

ABN 29 060 352 990

Interim report for the half-year ended 31 December 2021



NuCoal Resources Limited ABN 29 060 352 990

Interim report - 31 December 2021

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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 2021 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 2021.

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 \$162,693 compared with a net loss from ordinary activities of \$222,215 for the half-year ended 31 December 2020.

Net cash outflows from operating, investing and financing activities for the half-year ended 31 December 2021 were \$44,413 compared to net cash outflows of \$223,544 for the half-year ended 31 December 2020.

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 16 July 2021.

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**).

It has been nearly eight years since the NSW Parliament cancelled EL 7270, and two full years since the Parliament's Law and Justice Committee recommended, after consideration of a Private member's Bill which sought to resolve our compensation matter, "that the NSW Government address the outstanding matters raised during this inquiry, where appropriate, including the issue of compensation for innocent shareholders."

Despite this lapse in time, the Company's energy level in pursuing what is right and fair is undiminished. The Company is a long-term going concern, with substantial cash reserves of approximately \$3.5m and an ongoing cost base which is minimal. The Company remains committed and will continue to seek every opportunity to push our case with all and every person relevant. We can go on for a decade pursuing our rights (if necessary) without even having to call for additional funds from shareholders.

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.

Directors' report (continued)

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.

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.

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 handed down its report in November 2021 and noted the following recommendation:

"the Legislative Council Standing Committee on Law and Justice's inquiry on the Mining Amendment (Compensation for Cancellation of Exploration Licence) Bill 2019, recommended for the Government to address the outstanding matters in relation to NuCoal, including the issue of compensation for 'innocent stakeholders'. The Government's response reserves its position this matter. Given the time that has passed since then, the Committee urges the NSW Government to respond to the Legislative Council's Law and Justice report as a matter of urgency."

Directors' report (continued)

Since the report was published, NuCoal has held discussions with a number of NSW Government representatives to continue to progress the matter of compensation.

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.

Our lobbyists in Washington continue to present our case to new officials in the USTR appointed under the Biden administration. To progress our international efforts the Company met with representatives from the USTR via zoom on Friday 21 January 2022. During this meeting the Company updated the USTR on our continuing quest to obtain compensation for the cancellation of EL 7270. The USTR remains interested in the NuCoal matter and the Company agreed to update them on any relevant developments as they occur.

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, 15 March 2022



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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 2021, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene 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.

A handwritten signature in black ink that reads 'Ernst + Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Scott Nichols' in a cursive style.

Scott Nichols
Partner
Sydney
15 March 2022

| | 31 December 2021 | 31 December 2020 |
|--|-----------------------------|---------------------|
| | \$ | \$ |
| Other income | 9,758 | 15,152 |
| Accounting and audit fees | (19,760) | (10,180) |
| Administration expense | (8,157) | (12,126) |
| Consultants | (29,763) | (36,975) |
| Directors' fees | (28,283) | (28,054) |
| Employee benefits expense | (16,938) | (17,300) |
| Exploration | (645) | (522) |
| Finance costs | (850) | (897) |
| Insurance | (42,073) | (66,405) |
| Legal fees | (1,164) | (80) |
| Listing fees | (24,507) | (26,413) |
| Rent | - | (37,815) |
| Travel and accommodation | (311) | (600) |
| Loss before income tax | (162,693) | (222,215) |
| Income tax expense | - | - |
| Loss for the half-year | (162,693) | (222,215) |
| Loss is attributable to: | | |
| Equity holders of NuCoal Resources Limited | (162,693) | (222,215) |
| Other comprehensive income / (loss) | - | - |
| Total comprehensive loss for the half-year | (162,693) | (222,215) |
| Total comprehensive loss is attributable to: | | |
| Equity holders of NuCoal Resources Limited | (162,693) | (222,215) |
| | Cents | Cents |
| Earnings per share for loss attributable to the ordinary equity holders of the company: | | |
| Basic loss per ordinary share | (0.02) | (0.03) |
| Diluted loss per ordinary share | (0.02) | (0.03) |

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

| | | 31 December 2021 | 30 June 2021 |
|--------------------------------------|-------|-----------------------------|-----------------|
| | Notes | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 276,689 | 321,101 |
| Term deposits | 3 | 3,200,000 | 3,300,000 |
| Restricted cash and cash equivalents | 3 | 20,000 | 20,000 |
| Prepayments | | 25,109 | 48,726 |
| Trade and other receivables | | 73,357 | 71,404 |
| Total current assets | | 3,595,155 | 3,761,231 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 46,684 | 50,067 |
| Total current liabilities | | 46,684 | 50,067 |
| Net assets | | 3,548,471 | 3,711,164 |
| EQUITY | | | |
| Share capital | 4 | 88,138,807 | 88,138,807 |
| Reserves | | 4,608,035 | 4,608,035 |
| Accumulated losses | | (89,198,371) | (89,035,678) |
| Total equity | | 3,548,471 | 3,711,164 |

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 4) | Shared based payment Reserve | Accumulated losses | Total Equity |
|---|-----------------------------------|---------------------------------------|-----------------------|------------------|
| | \$ | \$ | \$ | \$ |
| 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 |
| | | | | |
| Balance at 1 July 2021 | 88,138,807 | 4,608,035 | (89,035,678) | 3,711,164 |
| Loss for the half-year | - | - | (162,693) | (162,693) |
| Other comprehensive loss for the half-year | - | - | - | - |
| <i>Total comprehensive loss for the half-year</i> | - | - | (162,693) | (162,693) |
| Balance at 31 December 2021 | 88,138,807 | 4,608,035 | (89,198,371) | 3,548,471 |

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

| | 31 December 2021 | 31 December 2020 |
|---|-----------------------------|---------------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees (inclusive of goods and services tax) | (146,465) | (233,419) |
| Interest received | 2,698 | 10,397 |
| Net cash (outflow) from operating activities | (143,767) | (223,022) |
| Cash flows from investing activities | | |
| Payments for exploration and evaluation | (645) | (522) |
| Net cash (outflow)/inflow from investing activities | (645) | (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 | (44,412) | (223,544) |
| Cash and cash equivalents at the beginning of the half-year | 321,102 | 751,634 |
| Cash and cash equivalents at the end of the half-year | 276,690 | 528,090 |

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 2021 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 or amended accounting standards and interpretations adopted

The accounting policies adopted in the preparation of the half-year consolidated financial report are consistent with those followed in the preparation of the Group's annual consolidated financial report for the year ended 30 June 2021.

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the interim consolidated financial report of the Group.

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

(c) 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.

(d) Going concern

The Group recorded a net loss after tax of \$162,693 for the half-year ended 31 December 2021, 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 2022 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 2021 \$ | June 2021 \$ |
|---------------------------------|------------------------|--------------------|
| Cash at bank and in hand | 276,689 | 321,101 |
| Total Cash and cash equivalents | <u>276,689</u> | <u>321,101</u> |
| Term deposits | <u>3,200,000</u> | 3,300,000 |
| Restricted term deposits | <u>20,000</u> | 20,000 |

4 Contributed equity

| | Number of shares | \$ |
|------------------------------------|---------------------------|--------------------------|
| (a) Share Capital | | |
| Opening balance 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> |
| Balance at 30 June 2021 | <u>768,612,354</u> | <u>88,138,807</u> |
| Balance at 31 December 2021 | <u>768,612,354</u> | <u>88,138,807</u> |

5 Commitments

The Group has no capital expenditure commitments.

6 Dividends

No dividends were announced or paid during the half-year ended 31 December 2021.

7 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 accordance with a resolution of the director of TerraCom Limited, I state that in the opinion of the directors:

- a) the interim financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001(Cth)*, including
 - i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- 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

On behalf of the board



G Galt
Chairman
Sydney, 15 March 2022



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Independent auditor's review report to the members of NuCoal Resources Limited

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 condensed statement of financial position as at 31 December 2021, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2021 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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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.

A handwritten signature in black ink that reads 'Ernst + Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Scott Nichols' in a cursive style.

Scott Nichols
Partner
Sydney
15 March 2022

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

Company Secretary

M Etcell B.Com, CA

Principal registered office in Australia

Level 7, 28 Honeysuckle Drive
Newcastle, NSW 2300
(02) 4013 6181

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