



## HEAD OFFICE

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8 April 2022

**Attention: Angel He**  
ASX Adviser, Listings Compliance  
20 Bridge Street  
Sydney NSW 2000

By Email: [angel.he@asx.com.au](mailto:angel.he@asx.com.au)

Dear Angel,

### **Response to ASX Query regarding Listing Rule 12.1**

We refer to your email dated 24 February 2022, and on behalf of the Board of Directors of NuCoal Resources Ltd (**NuCoal** or **Company**), we respond to your query below.

The Company does consider that its level of operations is sufficient to warrant the continued quotation of its securities and its continued listing on ASX in accordance with the requirements of Listing Rule 12.1 and provides the following information in support of this position.

#### **Savoy Hill Project**

In September 2011, NuCoal acquired Dellworth Pty Ltd (**Dellworth**) which holds the Savoy Hill Exploration Licence (**EL 6812**). EL 6812 is located near the Bayswater power station between Singleton and Muswellbrook, New South Wales.

The application for renewal of EL 6812 was lodged with the Department of Planning and Environment, Resources and Geosciences (**Department**) on 19 June 2018 and the exploration licence is now following the standard department process for approval.

All required annual activity reports and community consultation reports have been submitted during the term of the licence and a substantial drilling program, comprising 35 boreholes (and associated analyses), has been conducted at EL 6812 to assist in being able to determine the available options for development of the project. Drilling on the site was completed in two phases, with phase 1 comprising 11 drill holes, and phase 2 comprising 24 drill holes.

Drilling was carried out during October 2011 to February 2013, with rehabilitation, including sign-off from relevant landowners, being finalised for all 35 drill holes and notified to the Department in October 2014.

In total, the Company has spent in excess of \$4 million progressing the project, which is a substantial amount on a tenement of this size and nature. The exploration to date has identified significant coal resources on the tenement.

As part of the application to renew EL 6812, the Company has outlined a further extensive exploration program to delineate the resource more fully within the tenement area, including the following tasks planned during the first twelve months of the tenement being renewed:

- continue further detailed assessments on coal resources and project options;
- consider further analysis of core samples from holes drilled during the previous term of the licence to supplement detailed assessments;
- apply for relevant approvals to carry out Phase 3 drilling;
- finalise landholder access agreements in respect of the intended Phase 3 drilling;
- continue to assess potential synergies with surrounding coal projects; and
- commence Phase 3 drilling program.

The aim is to continue a mining options concept study and initial marketing analysis for a potential open-cut operation supplying the nearby domestic power stations. Any development at Savoy Hill could have a low capital cost and a competitive operating cost structure, particularly given the proximity of the coal resources to the power stations.

The application for renewal has been with the Department for nearly four years now and the lengthy timeframe for approval is most frustrating for both the Company and shareholders. The Company remains hopeful that the licence approval will be received imminently, however the Company is unable to control Government processes and/or timelines, unfortunately.

Being in a position of “renewal pending” has meant that exploration spending on the project has been significantly reduced in the short term. Following the events regarding the cancellation of the Company’s main Doyles Creek Exploration Licence in 2014 (outlined below), the Company has ultimately been forced to cease spending shareholder funds on the Savoy Hill project until formal renewal is received by the Department. This position has not been taken lightly but has been necessary to protect the financial interests of all shareholders.

Despite the delays with the renewal process, the Company remains committed to the development of the Savoy Hill project and this is evidenced by the material progress made on exploration and related activities since the Company acquired the tenement in 2011, as well as the significant investment made to date.

The Company looks forward to being able to recommence exploration activities as soon as the renewal is received.

### **Compensation for shareholders**

A key focus over the last 8 years has been seeking compensation for innocent shareholders following the cancellation of the Company’s Doyles Creek Exploration Licence (**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 EL 7270 with no compensation payable to NuCoal. The legislation was passed following an inquiry by the Independent Commission Against Corruption (**ICAC**).

Operation Acacia caused significant reputational and financial damage to our Company, its shareholders, and Directors, and also to international relations between Australia and investor countries. Given this, NuCoal has continued to implement legal and political strategies to seek redress for shareholders following the unfair and unjust cancellation of EL 7270 by the NSW Government.

The efforts by the Company have been substantive and expensive and include both domestic and international efforts. With respect to domestic efforts – most recent to note are efforts throughout 2019 and early 2020.

In May 2019, NuCoal was the subject of a Private Members Bill by the Hon Fred Nile, the *Mining Amendment (Compensation for Cancellation of Exploration Licence) Bill 2019 (Compensation Bill)*. The Standing Committee on Law and Justice (**Standing Committee**) considered the Compensation Bill and in October 2019 tabled its report whereby it recommended the following with respect to NuCoal:

*“That the NSW Government address the outstanding matters raised during this inquiry, where appropriate, including the issue of compensation for innocent shareholders”.*

On 8 May 2020, the Committee on the Independent Commission Against Corruption (**ICAC Committee**) commenced an inquiry into the reputational impact on an individual being adversely named in the ICAC's investigations. NuCoal made a detailed submission<sup>1</sup> to the inquiry and in the final, unanimous and multi-partisan report, the ICAC Committee said:

*“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.”*

These statements show that, over the eight years since cancellation of EL7270, the allegations and innuendo of both ICAC and the Government have been disproved. More and more members of Parliament are aware of the way they were misled, and why, and are starting to focus on the facts and inevitably therefore to support NuCoal at last. A lot of the current members of Parliament want to see this dealt with fairly in the immediate future, because the longer a wrong persists then the more difficult it is for decent elected people (the majority of our politicians hopefully) to condone the wrong.

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<sup>1</sup> <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2595#tab-submissions>.

NuCoal has met with key members of the NSW Government throughout the last number of weeks and more than ever the key message being delivered is that the NSW Government is wanting to finalise the matter of compensation for innocent NuCoal shareholders once and for all, and swiftly.

Based on the above, the Company remains hopeful of an outcome to the compensation issue in the near future and this will then enable the Company to focus on other matters i.e. progressing EL 6812 and also focusing on other acquisitions etc.

**Other opportunities**

In addition to the above, the Board also continues to review and consider other projects within Australia, including various exploration projects in Western Australia. Whilst there is nothing definitive in place at this point, the Company remains open to an acquisition in the future.

If you have any further questions, or would like to discuss anything further, please do not hesitate to contact this office.

Yours faithfully

A handwritten signature in cursive script, appearing to read "Gordon Galt".

Gordon Galt  
Chairman, NuCoal Resources Ltd