



# Quarterly Report

For the 3 Months ended June 2014

This Quarterly Report updates activities undertaken during the period 1 April 2014 to 30 June 2014.

## OVERVIEW

During the period, NuCoal:

- continued to advance the Savoy Hill project in the Hunter Valley and to evaluate other opportunities for new projects;
- complied, to the best of its ability, with the provisions of the *Mining Amendment (ICAC Operations Jasper and Acacia) Act 2014 (NSW)* (the **Mining Amendment Act**); and
- continued to implement the legal strategy previously announced to seek fair redress for shareholders from the NSW Government for its actions in cancelling Exploration Licence 7270 (**EL 7270**).

Throughout the period NuCoal has restricted expenditure to preserve funds for the above activities. The Company is also investigating the sale of assets in the Hunter Valley which were acquired to progress the Doyles Creek project, primarily consisting of properties around the Doyles Creek area.

## 1. PROJECTS

### SAVOY HILL COAL PROJECT (100%)

As noted in the previous quarter, the Company received formal notification from the Department of Resources and Energy (the **Department**) of the renewal of its Savoy Hill tenement, Exploration Licence 6812 (**EL 6812**). This renewal extends EL 6812 until 20 June 2018.

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

#### **Board of Directors**

Chairman:	G. Galt
Managing Director:	G. Lewis
Non Executive Director:	J. Beecher
Non Executive Director:	M. Davies
Company Secretary:	M. Etcell

The Company has continued work on a mining options concept study and undertaken initial marketing analysis for a potential open-cut operation supplying the nearby domestic power stations. The development could have a low capital cost and a competitive operating cost structure, particularly given the proximity of the coal resources to the power stations.

Initial geotechnical testing has also been completed during the quarter on some overburden material to check whether the materials are suitable for roadbase /construction use, or for blast hole stemming in open-cut operations. Results of the geotechnical testing are expected to be received during Q3 and Q4 2014.

### DELLWORTH COAL PROJECT (100%)

As previously noted, the resources at Savoy Hill are better than those at Dellworth being both more marketable and lower cost and therefore the Company is concentrating on Savoy Hill at this time.

## **2. POTENTIAL ACQUISITIONS**

The Company has refined its shortlist of potential Queensland based acquisitions and some are being pursued further.

## **3. LEGAL COMPLIANCE**

NuCoal invested more than \$40 million in exploration data and land purchases in the Doyles Creek Area pursuant to the terms of EL 7270. Under the provisions of the Mining Amendment Act, the NSW Government is empowered to acquire the exploration information (including core samples) NuCoal accumulated in respect of EL 7270. On 23 June 2014, NuCoal received a request from the Department to furnish its core and chip samples from Doyles Creek. NuCoal is seeking to comply with this request without incurring further expenses that will not be reimbursed by the Government.

## **4. LEGAL CASES**

### Background

On 31 January 2014, the NSW Government passed the 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**).

### Constitutional Challenge against the Mining Amendment Act

NuCoal announced on 26 June 2014 that a Writ of Summons and Statement of Claim challenging the constitutional validity of the Mining Amendment Act had been lodged with the High Court of Australia.

NuCoal alleges that the Mining Amendment Act is invalid on two primary grounds:

1. The Mining Amendment Act amounts to an exercise of judicial power by the NSW Parliament, which is prohibited by the State and Federal Constitutions. The Statement of Claim asserts that the NSW Parliament made purported findings of corruption in respect of the grant of EL 7270 in reliance on findings of ICAC. The NSW Parliament, through the Act, imposed punishment on the basis of these findings. These findings were not made against NuCoal or any of its current directors. This punishment took the form of expropriating NuCoal's valuable property, denying the Company its various procedural rights under law, and absolving the State from any liability.
2. Even if the NSW Parliament has the power to pass this form of legislation, it must do so in accordance with the rule of law, which it failed to do. The Statement of Claim alleges that the Mining Amendment Act deprived NuCoal of its statutory and common law rights, imposed punishment absent a breach of existing law, and denied NuCoal procedural fairness. It further contends that the Mining Amendment Act was specifically targeted at NuCoal, was improperly retroactive and destroyed certain rights upon which the Company relied in order to guide its affairs. As a result, the passage of the Mining Amendment Act was contrary to fundamental and binding principles underpinning the Australian system of law and Government.

The Statement of Claim seeks a declaration from the High Court that the Mining Amendment Act is invalid. It is expected that the effect of such a declaration would be that the Mining Amendment Act is void and the expropriation of EL 7270 reversed.

NuCoal has also served the Attorneys-General of the States of Australia with the Writ of Summons and Statement of Claim, in accordance with section 78B of the *Judiciary Act 1903* (Cth).

### Judicial Review Proceedings

NuCoal's Judicial Review Proceedings against the Independent Commission Against Corruption are before the Supreme Court for directions on 30 July 2014.

### Free Trade Actions

The Company is pursuing claims on behalf of overseas based shareholders under various Free Trade Agreements (**FTA's**) to bring international action against the Australian Government for the decision by the NSW Government to expropriate EL 7270 without payment of compensation. In this regard, the Company recently wrote to shareholders whose registered address is in a jurisdiction where a Bilateral Investment Treaty exists with Australia. The Company intends to complete agreements with relevant shareholders to obtain reimbursement of legal expenses spent pursuing FTA claims should these shareholders obtain compensation from the actions instituted as a result of NuCoal's work on their behalf.

## 5. COST SAVING MEASURES

Directors are carefully monitoring expenditure by the Company including the costs of its various legal proceedings as it seeks to recover compensation for its losses and the losses of its shareholders. The Company recently relocated its registered office from Newcastle to Greenhills as part of this cost saving initiative.

### Financial

Cash and deposits were A\$7.02 million as at 30 June 2014.

## 6. ADDITIONAL REPORTING REQUIREMENTS

The following additional information is provided in accordance with ASX Listing Rule 5.3.3.

### Interests in Mining Tenements

The Company held the following mining tenements during the quarter.

Tenement	Location	% interest at the beginning of the quarter	Acquired and/or disposed	% interest at the end of the quarter
EL 6812	Savoy Hill, New South Wales	100	N/A	100
EL 6594	Dellworth, New South Wales	100	N/A	100

### Beneficial percentage interests held in farm-in or farm-out agreements

NuCoal does not hold any interests in farm-in or farm-out agreements.

For further enquiries please contact:

Glen Lewis  
Managing Director  
Telephone: +61 2 4015 0500

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

NuCoal Resources Ltd

ABN

29 060 352 990

Quarter ended ("current quarter")

June 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(103)	(636)
(b) development	-	-
(c) production	-	-
(d) administration	(1,037)	(5,186)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	67	270
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)*	-	2,720
<b>Net Operating Cash Flows</b>	<b>(1,073)</b>	<b>(2,832)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets**	58	(1,483)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	24
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>58</b>	<b>(1,459)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,015)</b>	<b>(4,291)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,015)	(4,291)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share Issue Costs	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,015)	(4,291)
1.20	Cash at beginning of quarter/year to date	8,035	11,311
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>7,020</b>	<b>7,020</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	(209)
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\* Year to date includes refund received from NSW Trade and Investment for EL 7270 fees (\$1.22m) and funds received from Mitsubishi Materials Corporation in accordance with the Savoy Hill Exploration Agreement, dated 7 November 2012 (\$1.5m).  
 \*\* Payments include deposit, stamp duty and settlement payments for properties acquired during the quarter, including any refunds.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation (including capital expenditure)	(150)
4.2 Development	-
4.3 Production	-
4.4 Administration	(1,435)
<b>Total</b>	<b>(1,585)</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,521	7,836
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other - Term Deposit(s)	5,499	199
<b>Total: cash at end of quarter (item 1.22)</b>	<b>7,020</b>	<b>8,035</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	N/A			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.,*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	768,612,354	768,612,354		
7.4 Changes during quarter (a) Increases through issues <i>(share purchase plan)</i> (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  .....

Date: 31 July 2014  
(Director/Company secretary)

Print name: MEGAN ETCCELL

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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